



In the Public Interest

The Future of Canadian Copyright Law

edited by

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Introduction

A. BACKGROUND

Copyright reform has always been a contentious issue. In the 1880s, publishers battled authors. In the early 1900s piano-roll manufacturers clashed with a nascent sound-recording industry. In the late 1990s, rights-holder groups, comprised primarily of the recording industry, Hollywood, and copyright collectives, challenged librarians and the education community. Decade after decade, the battle for an appropriate copyright balance remains the same — only the players involved in the debate evolve.

Bill C-60, officially unveiled on 20 June 2005, is the latest round of Canadian reform. It is likely to attract more public attention and invite more participation than all previous copyright reform processes combined. The earlier processes were typified by negotiated compromises between relatively small groups of “copyright stakeholders.” The major copyright industry associations such as the Canadian Recording Industry Association and the copyright collectives such as Access Copyright or SOCAN advocated for stronger protections, most business associations adopted a neutral position, while the education and library communities represented the interests of millions of Canadians.

The Internet and new technologies have dramatically altered the composition of copyright stakeholders. The original groups are certainly still present, but today the broader public also demands a seat at the table. The public’s interest in copyright — something inconceivable even a few years

ago — is the result of the remarkable confluence of computing power, the Internet, and a plethora of new software programs, all of which has not only enabled millions to create their own songs, movies, photos, art, and software but has also allowed them to efficiently distribute their creations electronically without the need for traditional distribution systems.

As the distinction between copyright creators and copyright users becomes blurred, individual Canadians increasingly recognize the direct impact of copyright reform on their everyday lives. This shift toward greater public concern with copyright has been building over the past few years.

In 2001, Industry Canada and Canadian Heritage held cross-country consultations on copyright reform. Packed auditoriums were filled with individual Canadians determined to ensure that Canada's copyright policy will reflect their interests and priorities. Hundreds of people, unable to attend in person, submitted comments to the federal government.

Even the Supreme Court of Canada has thrust itself into the debate, using a trio of copyright cases to re-shape Canadian copyright law to create a balance which, in the words of Justice Ian Binnie, "lies not only in recognizing the creator's rights but in giving due weight to their limited nature."

Bill C-60 is an ambitious bill that purports to prepare Canada for the implementation of the World Intellectual Property Organization's Internet treaties. It addresses a variety of digital copyright issues including the creation of a new "making available" right, liability of Internet service providers (ISPs), the establishment of a "notice and notice" system for allegedly infringing content posted on the Internet, and new legal protections for digital locks, known as technological protection measures. These provisions sit alongside new rights for performers and photographers as well as limited new exceptions for the education and library communities.

Moreover, policy makers have signaled that Bill C-60 represents not an end but a beginning (or perhaps more accurately a continuation of a reform process dating back to the early 1980s). On the horizon lie fierce debates over the appropriate role of copyright in education, the future of the private copying levy, the term of copyright protection, crown copyright, the curtailing of statutory damages, the expansion of fair dealing into a U.S.-like fair use provision, as well as new legal protections for databases and traditional knowledge. In fact, while the uncertainty surrounding the present minority government may forestall swift passage of the bill within the current parliamentary session, there is little doubt that the policy issues raised by the bill are not going to disappear. Today, Canadians face critical copyright policy issues that will impact the future of Canadian ed-

ucation, research, innovation, and culture. The debate surrounding these issues will likely to last into the foreseeable future.

Given the importance of these issues, I feel privileged to serve as the editor for this remarkable collection of essays devoted to the future of Canadian copyright law. Responding to the need for non-partisan, informed analysis of Bill C-60, an exceptional group of Canadian scholars have come together to assess Canada's plans for copyright reform. While biographies of each contributor are included at the end of this book, I believe that it is fair to say that this volume brings together the majority of Canadian academics researching and writing about intellectual property today — with representatives from ten universities stretching from Dalhousie on the east coast to the University of British Columbia on the west.

The diversity of interests among these scholars is reflected in their wide-ranging contributions. More than half of the contributions are devoted to assessing specific provisions found in Bill C-60. Many other of the essays provide both context for the current round of reform as well as a look to the future path of Canadian copyright law.

Contributions are grouped into three parts. Part One features a trio of essays that establish the context for Bill C-60. Each considers Canadian copyright reform through a different lens — political rhetoric, the domestic shift toward copyright balance, and the obligations to comply with international copyright norms.

Part Two contains eleven essays on Bill C-60, covering virtually every substantive element of the Bill. This includes essays on the constitutional, freedom of expression, privacy, and marketplace competition dimensions of anti-circumvention legislation. There are also essays on rights management information, the “making available” right, ISP liability, performers' rights, and photographers' rights, as well as a pair of contributions on copyright in the education and library communities.

Part Three looks ahead to future Canadian copyright reform, with five essays on important issues overlooked or omitted from Bill C-60. These include coverage of the implementation of a fair use provision, greater attention to user rights, a reconsideration of the term of copyright protection, new collective licensing models, and crown copyright reform.

B. COPYRIGHT REFORM IN CONTEXT

Professor Laura Murray's “Copyright Talk” article provides a helpful perspective to better appreciate the importance of language in Canadian copyright reform. Murray dissects dozens of policy documents and pub-

lic speeches from both Industry Canada and Canadian Heritage to shed light on how language has played a critical role in defining the positions of rights holders and the education community.

Murray contends that creators and individual Canadians (who are increasingly one and the same) are lost in the shuffle as the discourse over use and access leaves their interests behind. Moreover, Murray expertly illustrates how music file sharing has been used as a ready substitute for the broader copyright reform agenda, which does little to ensure that important copyright reform issues receive their due regard.

While Murray's article focuses on copyright rhetoric, Professor Teresa Scassa's contribution highlights the interests of copyright stakeholders. Copyright is frequently characterized as a balance between creators and users, yet Scassa demonstrates that the reality behind each stakeholder is far more complex than is generally appreciated.

On the creator side, Scassa distinguishes between creators and owners, noting that their respective interests are not always the same. Similarly, user interests are categorized into four primary uses — consumption, transformation, access, and distribution — each of which raises different societal interests. Moreover, Scassa argues that the societal interest may differ from user interests, with both sides ready to argue that greater or lesser protection is in the societal interest.

Given Bill C-60's emphasis on responding to the WIPO Internet treaties, Professor Myra Tawfik establishes the international context for copyright reform. Tawfik argues that the issues of balance that dominate the domestic discussion are mirrored at the international level. She underscores her point by reviewing provisions in multiple international intellectual property treaties, all of which include more than a passing reference to the need for an appropriate balance.

Tawfik's research highlights another important aspect of international copyright law: namely, that its implementation offers far more flexibility than is commonly perceived. She notes that while certain countries, such as the United States, are often perceived to offer model domestic legislation, countries have considerable freedom when implementing international norms into national copyright law.

C. BILL C-60: AN ANALYSIS

The anti-circumvention provisions of Bill C-60, which bring to mind the U.S. *Digital Millennium Copyright Act*, are likely to be the Bill's most controversial provisions, with advocates on both sides of the copyright balance

arguing that the Canadian implementation of anti-circumvention provisions are either too weak or too strong.

This collection features four essays that examine the anti-circumvention provisions. Professor Jeremy deBeer considers the novel issue of the validity of anti-circumvention provisions under Canadian constitutional law. Although Bill C-60's anti-circumvention approach includes a link to copyright infringement, deBeer identifies several provisions that may bring their constitutional validity into question and suggests alternative language that would enable the Bill to rest on stronger constitutional footing.

In assessing the constitutional issues raised by Bill C-60, deBeer also raises the notion of provincial participation in copyright policy. He argues that several provisions focus primarily on property rights that would fall under provincial jurisdiction. Given the privacy, e-commerce, property rights, and consumer protection concerns raised by the anti-circumvention provisions, he urges the Provincial Attorneys General to inject themselves into the copyright policy process.

Professor Jane Bailey continues the examination of the anti-circumvention provisions by assessing their potential impact on freedom of expression. Her article amplifies deBeer's constitutional discussion with analysis of the impact of the 1996 *Michelin* decision. In light of recent Supreme Court of Canada jurisprudence, Bailey casts doubt on the applicability of *Michelin* within the current copyright law environment.

Bailey's review of the Bill's anti-circumvention provisions also raises specific concerns about the effect on freedom of expression of both the technology and its supporting legal framework. Noting that the Supreme Court of Canada has created a positive obligation to facilitate expression, she argues that technological protection measures (TPMs) and Bill C-60 may together work to limit speech. Her article concludes with several legislative recommendations that would serve to maintain the policy goals found in the draft Bill while limiting the adverse impact on constitutionally protected freedoms.

While Bill C-60 provides new legal protections for TPMs, Professor Ian Kerr suggests that policy makers ought to consider protection from TPMs. Kerr is particularly concerned with the privacy implications of the new provisions. He expresses frustration that privacy considerations appear to have been overlooked in developing a balanced approach to copyright reform.

Kerr calls for inclusion of an alternative form of anti-circumvention provision — a prohibition on the circumvention of the protection of Canadian

privacy law. He argues that this can be best achieved by including express provisions prohibiting the circumvention of privacy and permitting circumvention for personal information protection purposes. Moreover, sitting alongside these provisions, Kerr recommends including a stipulation that TPM licenses shall be voidable in the event they violate privacy law.

My own contribution focuses on the competitive impact of Bill C-60's anti-circumvention provisions. It concludes that the Canadian approach to anti-circumvention has the potential to serve as a model for many other countries around the world. The decision to link anti-circumvention to copyright infringement and the presumed exclusion of legislating against devices is a welcome change from a U.S. approach that has both repeatedly resulted in lawsuits and effectively chilled innovation.

While the Canadian Bill is better than most, I argue that there remains room for improvement. The most urgent amendments include explicit protection for the Competition Bureau to act against abusive conduct arising from the exercise of a TPM, establishment of a positive user right to circumvent in appropriate circumstances, and clarification of the meaning and effect of Bill C-60's service provider provision.

Although the anti-circumvention provisions garner the lion's share of policy debate, Bill C-60 also includes a related provision pertaining to the protection of Rights Management Information (RMI). Professor Mark Perry explains that RMI focuses both on the information about the author/creator of the work and about the work's uses. After reviewing the implementation of RMI provisions in other jurisdictions, Perry expresses disappointment with the Canadian approach.

He argues that the Canadian provision would benefit from a more balanced approach by giving additional consideration to the impact of using RMI together with user information. Echoing Kerr's concern, Perry notes that RMI can be used as a "quasi-secret tracking device of user behaviour" and calls instead for provisions that ensure RMI transparency and protect user privacy.

The recording industry's lobbying pressure over Internet file sharing is viewed by many as the primary driver behind Bill C-60's inclusion of a new "making available" right. David Fewer, legal counsel with the Canadian Internet Policy and Public Interest Clinic, assesses the potential impact of the provision which was heralded as providing greater certainty on the legality of "uploading" on peer-to-peer file sharing systems.

Fewer's essay demonstrates that the making-available right actually raises far more questions than it answers. He concludes that "never before in Canadian copyright history has a new right come into force with so

little known about it.” Fewer’s analysis highlights the uncertainty regarding the making-available right’s impact on the marketplace as well as its jurisdictional uncertainties.

The role of ISPs has been another prime focus of the recording industry. Professor Sheryl Hamilton offers support for Bill C-60’s approach to ISP liability and content removal in her essay. Hamilton notes that Canada currently uses a combination of law, self-regulation, and industry agreement to address the thorny question of how an ISP should respond to claims of copyright infringement on its system. She argues that there is merit in codifying a system to provide all stakeholders with greater certainty.

After canvassing the approaches in the United States and the European Union, she argues that the “made in Canada” proposal of a notice-and-notice system has several advantages. These include its consistency with other Canadian legislation, its impartiality, and its technology neutrality. To improve the current proposal, Hamilton would add a penalty provision for wrongful notices and amend the approach to search engines, that alone face a notice and takedown system.

Professor Mira Sundara Rajan tackles one of Bill C-60’s most overlooked series of provisions — those pertaining to performers’ rights. As Sundara Rajan ably notes, Bill C-60 contains a wide range of new performers’ rights that have been included primarily to enable Canada to implement the WIPO Internet treaties.

Sundara Rajan provides a critical analysis of these proposed changes, highlighting the potential conflict between the moral rights of authors and those of performers. Her contribution focuses on the need to update Canadian copyright law to better reflect the interests of performers, yet she expresses concern that the proposed Bill may ultimately harm the public interest in creative expression.

While the Canadian media focused its initial attention on recording industry issues such as the making-available right, the notice and notice system, and the anti-circumvention provisions, much of the debate that followed focused on Bill C-60’s education and library provisions. Professor Margaret Ann Wilkinson’s contribution features a blistering account of those provisions, which she argues are unnecessary and potentially damaging.

Wilkinson begins by discussing recent Supreme Court of Canada copyright jurisprudence, which has reshaped the context for copyright law and education. She contrasts the broad protection provided by Canada’s highest court with the tepid provisions in Bill C-60 that offer little if anything to the education and library communities. Wilkinson is particularly con-

cerned with the Bill's impact on education, questioning why the government was unable to reach a firm policy position on Internet-based publicly available materials.

Professor Sam Trosow covers similar terrain in his essay, which emphasizes Bill C-60's impact on the library community. Trosow masterfully dismantles the value of "hard won" provisions for the library community by engaging in a step-by-step analysis of the current state of Canadian copyright law. He argues that in light of the recent Supreme Court jurisprudence, the broad "fair dealing" exception must be read alongside the specific exceptions crafted for the library community. While some in the legal community believed that the specific exceptions supplanted the general exception, Trosow notes that the Court ruled that libraries effectively benefit from both exceptions.

This analysis becomes particularly relevant in light of Bill C-60's library provisions, which purport to expand the ability for libraries to deliver materials electronically. Trosow argues that these provisions are narrower in scope than the equivalent protections afforded by the fair dealing provision, which arguably allows libraries to deliver point-to-point materials electronically without being subject to the limitations incorporated into Bill C-60.

Alex Cameron, an Associate with the Canadian Internet Policy and Public Interest Clinic, examines the provisions associated with copyright in photographs. Unlike the provisions that focused on new technologies, debate over the photographic provisions has been ongoing for decades. Cameron appeared before a Senate Committee that examined this issue in 2004, and repeats many of the concerns that resonated at that time with the Committee.

The photography provisions could easily fall below the radar screen since at first blush they provide the sense of mere housekeeping. Cameron provides compelling evidence that the impact of the proposed changes will be widely felt by all consumers, particularly given recent stories of photography labs that have refused to copy photographs for customers due to fears of potential copyright infringement. While there has been some attempt to protect consumers in the photography provisions, Cameron identifies several additional changes that would better balance the interests of photographers and Canadian consumers.

D. FUTURE CANADIAN COPYRIGHT REFORMS

The emergence of user rights within the Canadian copyright balancing construct is one of the leading themes in this collection. Delving into it in her essay, Professor Carys Craig calls for legislative change to allow the *Copyright Act* to catch up to the courts. Craig skillfully reviews Canadian fair dealing jurisprudence, noting that prior to the *CCH* decision it was typified primarily by its restrictiveness. Even with the Supreme Court of Canada calling for a liberal interpretation of fair dealing, the Canadian provisions may still be unduly restrictive to permit socially beneficial uses of copyrighted work.

Craig recommends following the U.S. example by adopting a broad fair use provision that would include the current fair dealing exceptions but also permit other fair uses to be assessed on the basis of criteria identified by the Federal Court of Appeal and cited with approval by the Supreme Court of Canada. Moreover, Craig notes that there is a strong digital copyright component to such change, since without fair use reform, Internet browsing, time shifting, and reverse engineering may all fall outside the current list of permitted uses under Canadian copyright law.

Professor Abraham Drassinower provides an alternate perspective on user rights in his contribution. He illuminates the concern associated with Internet browsing by arguing that Canadian copyright law is sufficiently robust to ameliorate the legal concerns associated with the practice, provided that the courts incorporate the full meaning of user rights into our law. His article distinguishes between reproduction and infringement, maintaining that a reproduction that does not harm the authorial right of the author ought not to be treated as an infringement, but rather as a legitimate use covered by user rights. Drassinower's contribution provides a forward thinking analysis of the implications of the *CCH* decision, suggesting that the Supreme Court of Canada has provided a framework enabling the interests of both creators and users to be appropriately addressed.

While the extension of the term of copyright protection afforded to corporate owners of photographs is a relatively minor aspect of Bill C-60, Professor David Lametti uses it as a springboard for re-considering Canada's approach to copyright's term of protection. As copyright terms have been extended in other jurisdictions, the issue has moved to the fore, leading to a contentious debate in Canada several years ago regarding the term of protection for unpublished works of deceased authors.

Lametti proposes a novel approach to the issue by arguing for different terms of protection for different works. He argues that creators ought

to enjoy protection for life when they hold the copyrights, but that term would be reduced to a fifteen or twenty-year term if assigned to a corporate interest. Lametti offers alternative terms for specific works — database and information products would face a higher threshold for protection as well as a shorter term of protection, while multimedia and software products, which typically have a very short marketable life span, would be limited to a three-year term, renewable once.

Professor Daniel Gervais takes another direction. His article convincingly makes the case that copyright law is ill-suited to be applied to end-users in the manner that has been witnessed in recent months for one simple reason — “it is not what copyright was meant to do.” Rather, Gervais argues that the history and underlying policy objectives of copyright indicate that it is a right to be exercised by and against professionals. He notes that many countries have implemented rules that seek to provide protection to users for uses in the private sphere, such as private copying regimes.

Gervais offers an intriguing solution for addressing the incompatibility of copyright law applied to end users. He suggests adopting an extended licensing system, which he argues would enable those who provide content on the Internet to be paid where appropriate. He notes that such a system would account for uses permitted under the current fair dealing provisions (particularly in the education context) as well as provide content that is made freely available by creators under systems such as the remarkably successful Creative Commons project. Gervais puts his theory to the test in the context of music file sharing, demonstrating how an extended licensing system would yield hundreds of millions of dollars for artists and record companies, while removing the questions associated with the legality of sharing music on peer-to-peer systems.

The collection of essays concludes with an often-overlooked aspect of Canadian copyright reform — crown copyright. Professor Elizabeth Judge examines the historical dimensions of crown copyright, noting that many other Commonwealth countries have taken steps to reform or eliminate its application to many types of government documents.

Judge is particularly concerned with the application of copyright to legal materials. Although the federal government, along with several provincial governments, has established some limited reforms in recent years, much work remains to be done. While some may not view crown copyright as a digital copyright issue, Judge makes a strong case that emerging technologies and the Internet offer new opportunities for greater access and that crown copyright plays a central role in that regard. Judge offers several recommendations, including statutory provisions on publishing rights

and obligations with respect to government-produced materials, the elimination of both the royal prerogative and crown copyright in public legal information, as well as the establishment of a statutory duty to disseminate public legal information in both paper and electronic formats.

E. ACKNOWLEDGMENTS

Bringing a peer-reviewed book of this size to publication frequently requires several years of work. Thanks to the remarkable efforts of the dedicated group of people involved in this project, we managed to shrink that time scale to less than six months.

Thanks are due first and foremost to the contributors. Each embraced this opportunity with enthusiasm, setting aside summer research agendas to focus on this particular project. Although we set ambitious timelines for completion and editing of the essays, all contributors ensured that their essays were delivered in a timely fashion. The quality of their work is self-evident and I am confident that this volume will prove to be an important resource long after Bill C-60 is no more than a distant memory.

Once the initial essays were delivered to the editor, two additional sets of contributors emerged. First, thanks to the international panel of peer reviewers who not only provided helpful advice that improved the quality of each essay, but did so within strict timelines to ensure that the project remained on schedule. Second, thanks to the first-rate group of student editors, including Jordan Halpern, Kristal Low, Koren Marriott, Mark McCans, Kathi Simmons, Daniel Steinberg, Jeremy Teplinsky, Jacqueline Tsai, and Warren Yeung, who provided exceptional citation and fact-checking reviews. Their work was particularly valuable given the decision to implement the University of Ottawa's *Law and Technology Journal* citation guide, which adopts an open access model to legal citation.

Thanks also goes to Irwin Law, in particular Bill Kaplan and Jeffrey Miller, who demonstrated why their company consistently remains at the cutting edge of legal publishing in Canada. They both showed great enthusiasm for this project from the outset, most notably with their willingness to adopt an open access licence. Their commitment to extend the boundaries of publishing in Canada inspired all contributors, and their follow-through was most appreciated, with exceptional editorial and post-production support.

Thanks also to my colleagues and family for their support throughout this project. It is a privilege to work together with such an inspiring group of engaging colleagues at the University of Ottawa. It is most rewarding to

share a home with my wife Allison, whose love and support is always unconditional, even in the face of lengthy absences and difficult deadlines.

Finally, thanks to my three incredible children Jordan, Ethan, and Gabrielle, who put a smile on my face day and night. Copyright may not mean much to them today, but they, and their contemporaries, are the reason that we must work toward identifying copyright policy choices for the benefit of all Canadians.

Michael Geist
Ottawa, Ontario
July 2005

PART ONE:

Canadian Copyright Reform in Context

Copyright Talk:

Patterns and Pitfalls in Canadian Policy Discourses

Laura J. Murray*

A. INTRODUCTION

1) Rhetoric's Role in Canadian Copyright

The current round of Canadian copyright consultation began officially in 2001 with the release of *A Framework for Copyright Reform* and the *Consultation Paper on Digital Copyright Issues*,¹ but this reform process could also be said to date to 1996, when the Canadian government signed the World Intellectual Property Organization's Copyright and Performance and Phonograms Treaties. Despite the eagerness of the House of Commons Standing Committee on Canadian Heritage and three succeeding Canadian Heritage Ministers to ratify the WIPO treaties and to offer rights-holders

* The author adds: Many thanks to Meera Nair for professional and engaged research assistance. I am also grateful for the generosity, on matters intellectual and practical, of Alex Cameron, Sam Trosow, David Fewer, Howard Knopf, and Russell McOrmond. An anonymous reviewer's insightful comments improved the paper greatly. The work was supported by a General Research Grant from the Social Sciences and Humanities Research Council of Canada.

1 *A Framework for Copyright Reform* (Ottawa: Industry Canada and Canadian Heritage, 2001), <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp01101e.html>> [Framework]; *Consultation Paper on Digital Copyright Issues* (Ottawa: Industry Canada and Canadian Heritage, 2001), <[http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/vwapj/digital.pdf/\\$FILE/digital.pdf](http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/vwapj/digital.pdf/$FILE/digital.pdf)>.

new means of protection and remuneration,² the wheels of copyright reform have turned slowly. Along the way, they have generated ample material for a discussion of the rhetoric, or rather competing discourses,³ of copyright discussion.

Anatomizing the terms and patterns of copyright discourse — *how* people talk about copyright — is important because in copyright as in many other areas of law, impressions gleaned from media coverage and public discussion of the law *are* the law for most citizens. The most common source of information on copyright law is friends, not lawyers. And the friends often get their information from media sound-bites or Internet chats. Thus copyright discourse (or, in more popular terminology, rhetoric) makes itself felt not only through the legislation it may seek to generate or influence, but directly: it is not epiphenomenal but central to copyright as it is experienced by Canadians.⁴ For many reasons, we can-

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- 2 The Heritage Department has not been reticent to declare that it seeks only to represent the rights-holder side of copyright: in the Canadian Heritage Performance Report for the period ending March 31, 2003, then-Minister Sheila Copps reported that “with Industry Canada, the Department is analyzing World Intellectual Property Organization (WIPO) treaty issues, and working with collective societies, industry associations and various creators’ organizations to develop concrete proposals for copyright reform,” *Canadian Heritage Performance Report: For the period ending March 31, 2003* (Ottawa: Treasury Board of Canada Secretariat, 2003), <www.tbs-sct.gc.ca/rma/dpr/02-03/CanHer-PC/CanHer-PC03Do1_e.asp>. Similarly, on November 6, 2003, Minister Copps suggested to the Standing Committee on Canadian Heritage that given cabinet’s reluctance to press forward with WIPO treaty ratification, “...the best course of action to achieve your objectives might be to hear from CRIA [the Canadian Recording Industry Association] to see what would be an acceptable wording,” *Standing Committee on Canadian Heritage, 37th Parliament, 2nd Session, Evidence* (6 November 2003), <www.parl.gc.ca/committee/CommitteePublication.aspx?SourceId=67965#T1125>.
 - 3 “Rhetoric” in its popular sense simply means persuasive language, and although I use it here as a loose synonym for “discourse,” the latter term refers to a network of language, ideology, and power in which the speaker’s intentions carry less force than rhetoricians might presume. At least two competing copyright discourses exist — broadly identified with copyright-owners and the public interest respectively — but they are not entirely independent from one another. For an introduction to “discourse analysis,” in which my approach is grounded, see Robert de Beaugrande, “Discourse Analysis,” *Johns Hopkins Guide to Literary Theory and Criticism*, ed. Michael Groden & Martin Kreiswirth (Baltimore: Johns Hopkins University Press, 1997).
 - 4 Rosemary Coombe observes that “the law operates hegemonically ... not only when it is institutionally encountered, but when it is consciously and unconsciously apprehended,” Rosemary Coombe, *The Cultural Life of Intellectual Prop-*

not draw a direct line from the hot air of press conferences and committee hearings to the details of legislation as passed: a particular minister's turn of phrase has little predictive value for the contents of legislation as passed. But whatever law is ultimately passed will be perceived — by Members of Parliament and judges as well as “ordinary Canadians” — through the discourse around it, which will in turn affect everyday cultural practice and future rounds of litigation, reform, and regulation.⁵ In short, the copyright struggle is being waged not only *by means of* rhetoric, but *about* rhetoric.

The growing fervour of the Canadian copyright debate manifests the power of rights-holder lobbies and the vigour of Internet and consumer cultures, and the growing awareness of many stakeholders in between. As digital technology puts publication, republication, and dissemination of copyrighted materials in the hands of more and more citizens, many of whom may be inclined to question the legitimacy of copyright law, the struggle over the “spin” of copyright talk intensifies. In public statements on the subject, few words are careless: metaphors and buzzwords are strategically chosen. All parties try to reflect and manipulate citizens' or legislators' “common sense”; the middle ground is as common a goal of battle as the high ground. Nonetheless, the debate is highly polarized. Spokespeople for each side speak most often of “fair” laws and “balance” when they feel that their interests are being neglected. More persistently on the rights-holder side we hear demands for “respect,” “control,” “protection,” “modernization,” and “harmonization,” while education and consumer advocates call for “innovation,” “technology neutrality,” and “access.” Rights-holders seek to “... place creators at the very centre of the *Copyright Act* ...,” while others claim that “... the Canadian public and the health of the Canadian cultural community and the Canadian economy should be at the heart of the legislation.”⁶ Meanwhile, the majority of Canadians (and a

erties: Authorship, Appropriation, and the Law (Durham: Duke University Press, 1988) at 9.

- 5 For an argument about how the metaphor of music file-sharing as a disease has been taken up by judges in the United States, see Alex Cameron, “Diagnosis Technoplague: Tracing Metaphors and their Implications in Digital Copyright” (2005) [unpublished, on file with author].
- 6 Remarks by Hélène Messier (Quebec Reproduction Rights Collective Administration Society, Droit d’auteur, Multimédia, Internet, Copyright (DAMIC)) and Don Butcher (Canadian Library Association), *Standing Committee on Canadian Heritage, 37th Parliament, 2nd Session, Evidence* (23 October 2003) <www.parl.gc.ca/committee/CommitteePublication.aspx?SourceId=66568#T1245>.

majority of Members of Parliament) likely think copyright reform is largely about “cracking down” on the circulation of MP3s on the Internet: the media and the Ministers seem to agree that this is the issue and the tone most likely to engage the layperson.

2) General Characteristics of Government Discourses

This paper focuses on government-generated copyright discourse between 2001 and 2005. I have surveyed documents from the policy branches of the Departments of Industry and Canadian Heritage, speeches and statements from the Ministers of Industry and Canadian Heritage, and transcripts of meetings of the House of Commons Standing Committee on Canadian Heritage. While a series of reports co-authored by the Heritage and Industry Departments manifests some hybrid of perspectives of both departments, all committee discussion, public hearings, and the vast proportion of speeches and media statements so far have come from the Heritage side. The first observation to be made, then, is that in sheer quantity, Heritage’s view of copyright as a tool to protect Canada’s creators and cultural industries from digital technologies has been much more insistently articulated in Ottawa than Industry’s perspective of copyright as a part of the government’s declared “innovation strategy.”⁷

Elsewhere, I have critiqued the way Heritage Ministers and the Heritage Committee have tended to conflate the interests of large cultural industries and collectives and the interests of creators, when in fact many creators are not well-served by their would-be champions.⁸ There is a vast difference between setting up a policy environment that will “protect” stars and big industries and setting up a policy environment that will nurture the majority of Canadian creators, or Canadian creators of the future, and the Heritage Department has certainly leaned towards the former.⁹ In

7 See *Innovation in Canada*, <www.innovationstrategy.gc.ca/gol/innovation/site.nsf/en/ino4113.html>; and see *Speech from the Throne to Open the First Session of the 37th Parliament of Canada*, (30 January 2001), <www.pco-bcp.gc.ca/printer.asp?Language=E&page=InformationResources&sub=sftddt&doc=sftddt2001_e.htm> [*Throne Speech*].

8 Laura J. Murray, “Protecting Ourselves to Death: Canada, Copyright, and the Internet,” *First Monday* (October 2004) <www.firstmonday.org/issues/issue9_10/murray/index.html>.

9 Many musicians, filmmakers, and visual artists need to be able to excerpt or sample the work of others in order to produce their own work. If the copyright system leans too much towards protection of rights, their work is stymied or made unaffordable. See Siva Vaidhyanathan, *Copyrights and Copywrongs* (New

a speech to the Canadian Club in May 2005, Minister Liza Frulla declared that “if our creators and artists can’t make money from their works — if their copyright is not respected — they won’t be able to continue doing what they do best. They lose as individuals. We lose as a country.”¹⁰ While Ms. Frulla’s words may sound like apple pie, and while indeed copyright is an important underpinning of most artists’ careers, the claim that if copyright is only respected, Canada will have more artists making money and prolonging their work is, sadly, grossly exaggerated: copyright infringement is only one of artists’ problems in a world of media concentration, chronic underfunding of arts institutions, shrinking grants, and rising education costs. Ms. Frulla’s emphasis on “respect” for copyright conveniently places the blame for artists’ low incomes on cheating consumers and absolves government and large media companies, who surely ought to shoulder some of it.

When government-funded galleries fight rises in artists’ exhibition fees, granting agencies reduce young artists’ access to resources, and media giants refuse artists permission to use material they control, or ask writers to sign away rights “throughout the universe, in perpetuity,” they present barriers to artists’ ability to “continue doing what they do best” that will not be removed by copyright reform.¹¹ If the aim of the Canadian Heritage Department and Ministers is to support the production and dissemination of Canadian culture, copyright seems to be occupying a disproportionate place in the policy picture. The very prominence of copyright reform in the Canadian Heritage agenda indicates a debatable but undebated emphasis on the market as *the* major engine of cultural produc-

York: New York University Press, 2001) at 117–48. Even for artists whose work is not appropriative or citational, affordability and availability of the work of others is arguably as important in early career as control over their own rights. See the proceedings of a conference on documentary filmmaking, *Framed!! How Law Constructs and Constrains Culture* (2004), <www.law.duke.edu/framed>.

10 “Speaking notes for The Honourable Liza Frulla, P.C., M.P. Minister of Canadian Heritage and Minister Responsible for Status of Women before the Canadian Club of Toronto,” 9 May 2005 <www.canadianheritage.gc.ca/pc-ch/min/discours-speech/2005-05-09_e.cfm>.

11 See Clive Robertson, “Launching a new ARTSWORLD: Trusted? Connected? Canadian?” *Fuse Magazine* (February 2005) at 8–13; Kevin Temple, “Market-place will dictate Canada Council funding, artists say,” [*Toronto*] *Globe and Mail* (21 February 2005) R5; remarks by Karl Beveridge & John Greyson, “Victims or Pirates? A Discussion of Artists and Copyright,” Ontario College of Art and Design (30 March 2005); Penney Kome, “Copyright Grabs: Writers Outraged by New CanWest Free-lancers’ contract.” *Straight Goods* (30 October 2004), <www.straightgoods.ca/ViewFeature3.cfm?REF=824>.

tion. It is important to note, too, that international obligations prohibit Canada from skewing its copyright law to aid its own creators and cultural industries. In fact, given that Canadians import most cultural products, rights-holder-slanted reforms will only send more money out of Canada. It is, therefore, more than a bit odd to hear urgent calls for Canada's compliance with the demands of the multinational and U.S. entertainment industries described as protection of Canadian culture¹² — but this is the pattern of copyright talk from Heritage.

Recently, Heritage Minister Liza Frulla has been weaving talk of investment, resource extraction, and protecting industry into more familiar cultural and economic nationalism — as if she is trying to second-guess or outdo what one might expect to hear from the Industry department. In November 2004, at a lunch-gathering of the Academy of Canadian Cinema and Television, she described artists as “the raw material of culture,” rather brutally adding their persons to the pile of beaver pelts, lumber, and fish that have traditionally supported the Canadian economy.¹³ A few weeks later, when addressing the Standing Committee on Canadian Heritage, she went on to elaborate on the commodity value of the arts:

We know that each dollar invested in culture is a dollar that helps to stimulate creativity, enhance the quality of life and promote economic growth. Today, the cultural sector accounts for 740,000 jobs and 28 billion dollars in economic activity. Those are remarkable statistics, especially when we recall that the Government of Canada spends an average of only 3 billion dollars on culture. This is what is called money well invested. This is what is known as playing the role of a catalyst. I fully intend to do everything so that culture becomes a still more important pillar of economic activity and enhancement of the quality of life in our communities.¹⁴

12 See Michael Geist, “Standing Canadian ground: U.S. trade pressures cloud intellectual property policy,” *The Ottawa Citizen* (12 May 2005) F5; and “Why Canada Should Follow U.K., not U.S., on Copyright,” *The Toronto Star* (4 October 2004) D2.

13 “Speaking Points for The Honourable Liza Frulla, P.C., M.P. Minister of Canadian Heritage and Minister Responsible for Status of Women at the lunch-gathering of the Academy of Canadian Cinema and Television,” 9 November 2004 <www.canadianheritage.gc.ca/pc-ch/min/discours-speech/2004-11-09_e.cfm>.

14 “Speaking Points for The Honourable Liza Frulla, P.C., M.P. Minister of Canadian Heritage and Minister Responsible for Status of Women before the Standing Committee on Canadian Heritage,” 24 November 2004 <www.canadianheritage.gc.ca/pc-ch/min/discours-speech/2004-11-24_e.cfm>.

Here, Ms. Frulla provides a perfect demonstration of George Yúdice's observation of neoliberal economies around the world that

cultural institutions and funders are increasingly turning to the measurement of utility because there is no other accepted legitimation for social investment. In this context, the idea that the experience of *jouissance*, the unconcealment of truth, or deconstructive critique might be admissible criteria for investment in culture comes off as a conceit perhaps worthy of a Kafkaesque performance skit.¹⁵

In Ms. Frulla's view of cultural policy, copyright takes pride of place as a very visible marketplace solution that reaps social benefits while costing the federal government nothing.

In contrast with the view in Heritage that copyright is a quasi-natural right, the Industry Department tends to see it as a tool to promote innovation. Industry tends to adopt a position more attuned to the needs of emerging industries, which may come closer to representing the needs of small business, education, consumers, and, perhaps inadvertently, "small creators." Consider the press release accompanying the March 24 announcement of provisions to be included in copyright legislation, in which the Industry Minister's words follow those of the Heritage Minister:

"We are pleased to have this opportunity to show Canadians how we intend to build a copyright framework for the 21st century," said Minister Frulla. "We must strengthen the hand of our creators and cultural industries against the unauthorized use of their works on the Internet."

"The Internet provides an incredibly powerful new means of communications, research, education, innovation and entertainment," said Minister Emerson. "A balanced copyright framework will help to support the use of the Internet to foster innovation and learning, while establishing stable and predictable marketplace rules."¹⁶

15 George Yúdice, *The Expediency of Culture: Uses of Culture in the Global Era* (Durham: Duke University Press, 2003) at 16; see also Kate Taylor, "Arts funding might come with a price," [*Toronto*] *Globe and Mail* (5 January 2005) R3; and Kate Taylor, "The wrong reasons for supporting the arts," [*Toronto*] *Globe and Mail* (9 March 2005) R3.

16 *The Government of Canada Announces Upcoming Amendments to the Copyright Act* (Ottawa: Industry Canada 2005), <www.ic.gc.ca/cmb/welcomeic.nsf/o/85256a5d006b972085256fcd0078718c>.

While presenting a united front, the Ministers described the purpose of the same proposals in tellingly different ways. To Liza Frulla, the proposed reforms will give tools to rights-holders in the hostile environment of the Internet. While Frulla speaks of “*our* creators and cultural industries,” a typical formulation in nationalist cultural policy rhetoric,¹⁷ she (also typically) does not mention “*our*” students or consumers.¹⁸ “Unauthorized use” is the threat to be fought, and the Internet is the battleground. Minister of Industry David Emerson, on the other hand, acknowledges the interests of students and consumers in his reference to “communications, research, education [and] innovation” which lead his list of the dynamic and economically productive dimensions of the Internet. For Emerson, the Internet is not a danger but a tool “to foster innovation and learning.” Emerson lists “entertainment” (his word for what Frulla calls “creators and cultural industries”) last in the long list of uses of the Internet: the approach here is pragmatic rather than romantic. In asserting the need for “balance” and “predictable marketplace rules,” Emerson distances himself from the idea that the goal of reform is to “strengthen” anybody’s “hand”: rather, clarity and consistency are necessary for the market to work effectively.

3) The Prospects for “Balance”

As the copyright reform legislation tabled in June 2005 moves into committee, it will be interesting to watch the dialogue between the two Ministers and Ministries. The proposed legislation has steered away from some of the more egregious proposals in the Heritage Committee’s Interim Report on Copyright Reform (May 2004),¹⁹ whose extreme copyright-holder slant created a whipping-boy for public interest advocacy,²⁰ but it remains primarily driven by Canadian Heritage agendas. It might be noted that the

17 See “Protection rhetoric: A critical survey,” in Murray, note 8 above.

18 During her speech at the Canadian Club Frulla did speak of “our young people,” and the entirely unnecessary possessive carried the same paternalism as it does when applied to artists: “I should add, we need to tell our young people to stop taking for free what they should be paying for,” note 10 above.

19 *Interim Report on Copyright Reform* (Ottawa: Canadian Heritage, 2004), <www.parl.gc.ca/InfocomDoc/Documents/37/3/parlbus/commbus/house/reports/herirp01/herirp01-e.pdf> [*Interim Report*].

20 See for example, “Bulletin Online: Federal Heritage Committee Proposes ‘Tax’ on Educational Use of Internet” *Canadian Association of University Teachers* (October 2004), <www.caut.ca/en/bulletin/issues/2004_oct/newsinternettax.asp>; *Petition for User’s Rights*, <www.digital-copyright.ca/petition>; *The Truth About Copyright Revision*, <www.cippic.ca/en/projects-cases/copyright-law-re

Conservative Party's policy on copyright opposes proposed licensing of educational use of the Internet and existing levies on private copying, and professes enthusiasm for life-long learning.²¹ The New Democratic Party has switched positions since the preceding parliament and its representative on the Heritage Committee has become outspoken in his criticism of what he sees as the Liberal's corporate copyright agenda.²² In a precarious minority government, these positions have some clout. Furthermore, while *Supporting Culture and Innovation*, a report on copyright from 2002, spoke of "... striking an appropriate balance between creators' *rights* and users' *needs*" (my italics),²³ a series of major court cases in these years²⁴ have given weight to the idea of what the Supreme Court of Canada has deemed "users' rights."²⁵ Both inside and outside the ranks of the Liberal government, then, there is a nascent sense of competing visions, reflected and promoted through particular ways of talking about copyright. Most participants in these discussions profess a commitment to "balance"; while the current environment of discussion in Canada may sometimes seem impossibly fraught, this multiplicity of voices offers more chance that we may attain that admirable goal than we had a couple of years ago.

However, in a discussion of copyright discourse, it must be noted that "balance" is a metaphor. As a metaphor, one of its limitations is its requirement that the materials in question be divided into two distinct brass bowls. It demands that we weigh the interests of "users" against the

form/truth.html>; and blogs <www.faircopyright.ca>, <www.michaelgeist.ca>, and <http://ansuz.sooke.bc.ca/lawpoli/copyright>.

21 "Conservative Party of Canada Policy Declaration" *Conservative Party of Canada* (19 March 2005) <www.conservative.ca/media/20050319-POLICY%20DECLARATION.pdf>.

22 Teviah Moro, "Change strikes wrong note: Local MP not impressed with planned changes to the Copyright Act," *The Daily Press* [Timmins] (4 March 2005) A1.

23 "Background," *Supporting Culture & Innovation Report on the Provisions and Operation of the Copyright Act* (Ottawa: Industry Canada, 2002), <http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp00866e.html>.

24 See *Théberge v. Galerie d'Art du Petit Champlain inc.*, 2002 SCC 34, <www.canlii.org/ca/cas/scc/2002/2002scc34.html>, [2002] 2 S.C.R. 336 [Théberge]; *CCH Canadian Ltd. v. Law Society of Upper Canada*, 2004 SCC 13, <www.canlii.org/ca/cas/scc/2004/2004scc13.html>, [2004] 1 S.C.R. 339 [CCH Canadian]; *Society of Composers, Authors and Music Publishers of Canada v. Canadian Association of Internet Providers*, 2004 SCC 45, <www.canlii.org/ca/cas/scc/2004/2004scc45.html>, [2004] 2 S.C.R. 427; *BMG Canada Inc. v. John Doe (F.C.)*, [2004] FC 488, <www.canlii.org/ca/cas/fct/2004/2004fc488.html>, 239 D.L.R. (4th) 726.

25 *CCH Canadian*, note 24 above at para. 48.

interests of “creators.” This sharp dichotomy is illusive. All creators are users, in the sense that they learn and draw from the culture already created — and of course in many cases they incorporate specific pieces of it in their own work. And technically at least all users are creators, in that all fixed expressions, no matter how private or modest, automatically gain copyright; in today’s culture of mixtapes, Photoshop, and blogs, many Canadians are less passive in their use of culture than they may have been in the heyday of television and other one-way media. If calling all Canadians creators seems far-fetched, it will at least be acknowledged that there will be no works for users to access unless there are creators who produce such works. Each category depends on the other, and the line between them is a matter of judgment.

If we are to proceed within the constraints of the balance metaphor — which is a productive one in many ways — we must think of our task as something of a thought experiment, and accordingly take responsibility for putting the appropriate things on the scales. More clarity and self-consciousness will emerge from detailed analysis of particular clauses in the proposed legislation, undertaken in the later parts of this book, but it also needs to be encouraged at the level of rhetoric. I will focus here on two prominent terms of copyright debate: use and access. Education, high-tech, and consumer lobbies — “users” — generally plead for broad “access” to use copyrighted materials, while rights-holder lobbies claim or seek the power to authorize or control access and use. And yet in whichever hands they find themselves, these terms remain largely undefined and unanchored in law: neither access nor use are major terms in the *Copyright Act* itself.²⁶ But before addressing these specific terms, some further exploration of the climate of discussion is necessary.

B. “USE” AND “ACCESS” IN DOMINANT COPYRIGHT DISCOURSES

1) Panic-stricken Policy-making

Despite their different perspectives, the Ministers and Departments of Industry and Heritage appear to share the assumption that the Internet has changed everything, and that law must change to keep up with or discipline digital technology. The claim that the Internet gives its multitu-

26 On rare occasions the Act concerns itself with “use”; see *Copyright Act*, R.S.C. 1985, c. C-42, <<http://laws.justice.gc.ca/en/C-42>> [*Copyright Act*] ss. 45, 80.1.

dinous new abilities that must be regulated immediately is so widespread as to carry the weight of objective truth. There has been an air of panic in many ministerial comments on copyright; for example, newly-appointed-Heritage Minister Hélène Chalifour Scherrer emerged from meetings at the Juno Awards of 2004, just after a Federal Court pronounced that file-sharing was not illegal in Canada, breathless with assurances to the music industry: “We are going to make sure that downloading stays illegal. We will make it a priority so it is done as quickly as possible” Noting that “[e]verybody [i.e., recording industry officials] was so worried,” she assured them that “[n]ow I really know what the music industry is all about ... I am going back to Ottawa with the will to do something.”²⁷ In these few words, it is apparent that just as she claims, the Heritage Minister has learned the basics of the rights-holder rhetoric: that the Internet has changed everything, that copyright reform must happen quickly, that the Internet is a lawless place, and that government must appease the music industry.

All four of these assumptions are open to question. Amidst all the statements of urgency, neither lobbyists, ministers, nor MPs have mused publicly about *how* exactly the Internet and digital technologies are different from predecessor media and forms of cultural dissemination. We often hear the complaint that digital technologies allow ease and perfection of copying; this is generally represented as their most striking feature. However, rarely if ever have government reports or statements acknowledged that digital technologies also allow greater possibilities of rights-holder control past the point of sale. This may prove to be an even more powerful quality of the technologies, with unpleasant or dangerous ramifications for consumers and citizens, especially if buttressed by legal protection of rights-holders’ technological protections. The net effect is likely not to be consumer empowerment, but rather consolidation of the power of large media corporations. But whatever prophecies we may make about how the “digital revolution” will look in hindsight, it is at least clear that the cultural and economic effects of digital technologies cannot be adequately captured by their ability to make perfect copies.

27 Keith Damsell, “Heritage Minister Helene Scherrer vows to fight music file swapping,” *Canadian Press NewsWire* [Toronto] (13 April 2004). In fact, many reports suggest that file-sharing cannot be blamed for the music industry’s woes; see OECD “Report on Digital Music: Opportunities and Challenges” *Organization for Economic Co-operation and Development* (13 June 2005), <www.oecd.org/dataoecd/13/2/34995041.pdf> at 78 and “Cold White Peas,” Editorial, *New York Times* (7 June 2005) A22.

Nowhere in government or media discussion has anyone acknowledged the near-perfect match between the rhetoric of wonder and panic at digital technologies and the hyperbole and hysteria that greeted the telegraph, the telephone, the television, and the photocopier. Historical examples are highly illuminating. They suggest, for example, that our ideas about what technologies can do change with time — we are probably no more able than Thomas Edison to grasp the effects or possibilities of recent innovations.²⁸ Historical precedents may also suggest that delay or moderation in implementing new laws can actually be a good thing. Jessica Litman points out that new technologies with immense economic power often arise in “out of date” or loophole-ridden legal regimes:

[p]honograph records supplanted both piano rolls and sheet music with the aid of the compulsory license for mechanical reproduction; the juke box industry was created to exploit the 1909 act’s copyright exemption accorded to the “reproduction or rendition of a musical composition by or upon coin-operated machines.” Radio broadcasting invaded everyone’s living rooms before it was clear whether unauthorized broadcasts were copyright infringement; television took over our lives while it still seemed unlikely that most television programs could be protected by copyright...²⁹

In these and other moments of emergence of new media, laws written before the new technologies appeared are best understood not as inadequate to the new situation but as constitutive of it. Preexisting laws *did* provide a framework for development of new technology. Similarly, laws and cultural practices currently govern the Internet: they may need adjustment, but they are there. History suggests that if we take a cautious approach to legal reform, we are more likely to craft laws that will match the needs of new markets, new generations, and still newer technologies.

28 Lisa Gitelman’s work on the phonograph is particularly striking in this regard: see *Scripts, Grooves, and Writing Machines: Representing Technology in the Edison Era*. (Palo Alto: Stanford University Press, 1999); see also Eva Hemmungs Wirtén’s chapter on the photocopier in *No Trespassing: Authorship, Intellectual Property Rights, and the Boundaries of Globalization* (Toronto: University of Toronto Press, 2004) at 57–75. For other examples of the interface of law, culture, and new technologies, see Lisa Gitelman & Geoffrey B. Pingree, eds., *New Media, 1740–1915* (Cambridge: MIT Press, 2003), and (concerning copyright specifically) Lawrence Lessig, *The Future of Ideas: The Fate of the Commons in a Connected World* (NY: Random House, 2001).

29 Jessica Litman, *Digital Copyright* (Amherst: Prometheus Books, 2001) at 173.

It might also be noted that in all the anxiety manifested in the Ministry of Canadian Heritage about the Internet there seems to be little awareness of the contents of this domain beyond “pirated” music files. The massive quantities and high quality of educational and cultural content made available by its creators for open or paid access appear to be unavailable on Parliament Hill. Similarly, the huge number of businesses small and large serving their customers on the Internet with the aid of easily available security measures does not quite seem to have registered. Ironically, the Canadian Heritage Department itself has devoted considerable resources to improving Canadian presence on and access to the Internet.³⁰ According to a report from one of the projects so initiated, Canadian Culture Online (CCO), “The cultural citizen, individually and/or by way of communities of practice and communities of interest, enjoys a sense of democratic ownership of public virtual spaces.”³¹ Within the “civil society” emphasis of the CCO, the Internet is a place of conversation as much as consumption, and from this viewpoint privacy rights are perhaps an even larger concern than property rights.³² However, the citizen’s or consumer’s perception of the Internet has not been driving Canadian copyright policy or media coverage of it.

2) The Focus on File-Sharing

Instead, the view of the Canadian Recording Industry that “[f]or creators and right holders dealing in a rapidly expanding online environment, this [operating under the current *Copyright Act*] is tantamount to attempting to enter the express lanes of the Trans-Canada Highway in a horse and buggy”³³ has dominated discussion so far. Just as copyright has not had to justify its location at centre-stage of Canadian cultural policy, the music industry has not had to justify its location at centre-stage of copyright discussion. The recording industry lobby has been extraordinarily effective, such that music file-sharing is commonly taken to be the predominant

30 See *Culture.ca*, <www.culture.ca>, and *Throne Speech* note 7 above.

31 *A Charter for the Cultural Citizen Online: Final Report of the Canadian Culture Online National Advisory Board* (Ottawa: Canadian Heritage, 2004), <www.pch.gc.ca/progs/pcce-ccop/pubs/CanadianCulture/2004Rapport_e.pdf> at 10.

32 See “CIPPIC Privacy Projects” Canadian Internet Policy and Public Interest Clinic, <www.cippic.ca/en/projects-cases/privacy>.

33 Remarks by Richard Pfohl, *Standing Committee on Canadian Heritage, 37th Parliament, 3rd Session, Evidence* (11 March 2004), <www.parl.gc.ca/committee/CommitteePublication.aspx?SourceId=74922>.

Internet activity and policy problem that sets the tone for or even trumps all others. Even citizens' advocacy has tended to focus on this issue disproportionately — not simply because it is a relatively accessible issue of popular concern but because it has been *made* a relatively accessible issue of popular concern by powerful rights-holder lobbies.

Music file-sharing is behind every tree for members of the Heritage Committee. In June 2003, during discussion of a Bill to amalgamate the National Library and National Archives, Heritage Committee Chair Sarmite Bulte became agitated about a provision that would permit the library to archive selected Canadian Internet content. In choosing the term “sampling” to describe archiving, the drafters of the Act set off all sorts of alarm bells for Ms. Bulte:

I have a real concern here because at the same time I'm hearing the creators in SOCAN and BMG Canada saying that business is really bad, so please stop downloading from the Internet. Again, it's not just 14-year-olds that are doing it; adults are doing it, and it's stealing. How do we on one hand say it's stealing and we need to protect the rights of our creators, and at the same time allow sampling, which I would respectively [*sic*] submit is not defined properly? There's no definition. It's all subject to interpretation. You could almost end up downloading music and justifying it because of the public good.³⁴

How do we differentiate between infringement and archiving? We talk about fair dealing for purposes of research or we talk about the responsibility of the National Library to archive Canadian public life, and if we want to be sure perhaps we specify the library's rights, as this bill did. The *Copyright Act*, after all, does not say that all copying is infringement, so this is really not such a difficult problem. To Ms. Bulte however, all copying is stealing, and the floor of the Internet is scattered with stolen goods that will be swept up by any unwitting archivist. This is simply not true: the National Library would have to subscribe to file-sharing services in order to obtain the material she is concerned about, and would have no reason to do so as that material is already well-archived. Ms. Bulte's comments manifest the all-too-common perception that the bulk of Internet material is unauthorized music.

Controlling Internet music circulation also seems to be Heritage Minister Liza Frulla's main goal in copyright reform. In a speech to the Canadian

34 Remarks by Sarmite Bulte, *Standing Committee on Canadian Heritage, 37th Parliament, 2nd Session, Evidence* (3 June 2003), <www.parl.gc.ca/committee/CommitteePublication.aspx?SourceId=35536#T1005>.

Club in Toronto in May 2005, she spoke of several cultural policy issues, but the entire copyright section of the talk concerned file-sharing. “In March,” she concluded, “the Minister of Industry and I announced how the government plans to update the *Copyright Act* to reflect the new world of the Internet. The bill is now being drafted, and we plan to table it in June. The bill will make it crystal clear that unauthorized file-sharing is illegal in Canada.”³⁵

The emphasis on music file-sharing both intensifies and trivializes public discussion of copyright reform. Language of wars and pirates does make copyright exciting. Reporting on the March 2005 announcement of directions for impending legislation, a headline in *Le Devoir* declared, “Ottawa tente de civilizer Internet,” and the *Montreal Gazette*’s story the same day was headlined “Proposed amendments to Canada’s Copyright Act would crack down on file sharing.” The next day the *Victoria Times Colonist* announced, “Ottawa closes in on illegal downloads.”³⁶ These headlines focused on a small selection from some fifteen specific proposals released by the government, thus accepting and promoting the premise that the Internet is a lawless space.

As Siva Vaidhyanathan points out, “[t]he metaphors we use to discuss controls in cyberspace always appear clumsily lifted from our more familiar transactions: locks, gates, firewalls, crowbars, vandals, and shoplifters.”³⁷ One could go further and say that file-sharing tends to be discussed with the same language applied to child pornography or the drug trade, and hence the implied policy prescription is hardly nuanced: shut ‘em down. The desire for control is fostered by the prevailing terms for the stakeholders in copyright: “owners” (respectable, propertied), and “users” (addicted, or at least greedy). It is rhetoric that allows the specific problems of the music industry to merge with larger middle-class fears; copyright is conventionally represented not as an ordinary matter of business and arts policy but as a major social crisis. (One might hope that as with other social crises, the solutions may become less panicked and more nuanced as time goes by: if the Liberals can follow public opinion on gay marriage and the legalization of marijuana, perhaps they might get used to file-sharing.) If educational Internet use, privacy rights, or notice and takedown were

35 See note 10 above.

36 Stéphane Baillargeon, “Ottawa tente de civilizer Internet,” *Le Devoir* [de Montréal] (25 March 2005) B2; Canadian Press, “Proposed amendments to Canada’s Copyright Act would crack down on file sharing,” *The [Montreal] Gazette* (25 March 2005) D6; “Ottawa closes in on illegal downloads.” [Victoria] *Times Colonist* 26 March 2005 C10.

37 Siva Vaidhyanathan, *The Anarchist in the Library* (New York: Basic Books, 2004) at xi.

more prominent in public discussion, the expansionist impulse would not have taken hold of “common sense” so strongly. On the other hand, the emphasis on music file-sharing may also make copyright reform seem less than earth-shaking: Members of Parliament might well wonder how important a bunch of teenagers ripping off music can be in the grand scheme of pressing government issues. This trivialization is unfortunate given the serious repercussions of the numerous details of copyright legislation for a growing range of economic and educational sectors.

3) The Vilification of Unauthorized Use

A more specific effect of the focus on file-sharing is the spreading habit of condemning all uses of copyrighted materials not expressly authorized by the copyright owner. Through a careless or deliberate obfuscation of the scope of copyright owners’ rights under the *Copyright Act*, an untenably broad idea of the appropriate scope of such rights has been presented as “copyright common sense.” For example, when Heritage Minister Frulla declares that “we must strengthen the hand of our creators and cultural industries against the unauthorized use of their works on the Internet,” she is actually making a very radical claim. The *Copyright Act* was never intended to give the copyright owner the legal right to control the uses to which his/her work was put. Section 3.1 of the Act, which defines “copyright,” grants the copyright owner a limited set of exclusive rights. He or she alone can make or authorize material copies of any substantial part of a work (including copies in derivative forms such as dramatizations and translations), and make or authorize immaterial or ephemeral copies (performances) of a work provided that such ephemeral copies are transmitted to the public.

But since the copyright pertains only to acts of making copies — either material or publicly disseminated immaterial copies (performances) — it has always been the case that most *use* of copyrighted material is beyond copyright control. A writer has never been able to stop a buyer of her book from reading it in the bath, selling it, or wallpapering a room with it. A movie studio can’t stop a DVD-viewer from muting the movie, misinterpreting the movie, or hanging the DVD in the garden to scare crows. A TV station doesn’t know who is watching. In a doctor’s office, a magazine might be read by a hundred different people, and its editor and publisher will never know. Creators’ anxiety about the uses to which their works might be put is nothing new. In Plato’s *Phaedrus*, Socrates complained that “... when they [words] have been once written down they are tumbled

about anywhere among those who may or may not understand them ... and, if they are maltreated or abused, they have no parent to protect them; and they cannot protect or defend themselves.”³⁸ What Socrates did not see was that this is precisely the power of recorded words: as they move through space and time, they can be meaningful to more people in more ways than their originator could ever imagine. After publication, they are public. They are not public domain — making copies or publicly performing substantial parts are the exclusive rights of the copyright-holder for the term of copyright — but they are public in the sense of available for most ordinary uses.

The dangerous and muddled idea that copyright owners have, or ought to have, the right to authorize uses of their works is entrenched within Heritage Department thinking. In the *Framework for Copyright Reform*, for example, released by the Departments of Industry and Heritage in 2001, copyright is defined in largely accurate terms as the legal framework which “establishes the ... rights of creators and other rights holders to control the publication and commercial exploitation of their works, protect the integrity of their endeavours, and ensure that they are properly remunerated.” However, the document risks error in adopting the over-broad “use” language: “The law provides creators and other rights holders with a number of legal rights to authorize the use of works.” It then gravely compounds the risk of error by wrongly implying that the starting point in copyright is that the owner has the right to control all uses of her work and that only “some uses of works are permitted without the rights holder’s consent or without the payment of royalties. These are called ‘exceptions.’ In other cases, authorization is not required but creators and other rights holders are entitled to remuneration.”³⁹

It must be noted that even educational organizations have been buying into expansive use-based copyright, likely to their cost and the cost of the public interest. Access Copyright, the collective which collects reprogra-

38 Plato, *Phaedrus*, trans. by Benjamin Jowett, <www.classicallibrary.org/plato/dialogues/7_Phaedrus.htm>.

39 The Framework document claims later that, “[t]he Copyright Act provides protection to creators and other rights holders in the form of exclusive rights over the communication, reproduction and other uses of their works. It is *therefore* seen as the foundation for creative endeavour” (my italics). See *Framework*, note 1 above. The idea that only protection — and not balance through limited term, fair dealing, and so on — is the only foundation of creative endeavour is highly problematic. For further critique of the Framework document’s rhetoric, see Murray, note 17 above.

phy royalties for publishers and writers, is promoting extended licensing of the Internet for “educational use.” Educational organizations oppose this move and seek instead a specific exception in law for educational Internet use. Access and the educational organizations seem to agree that current use is infringing.⁴⁰ But surely most use of the Internet, in school or out, is mere browsing, and thus not subject to anybody’s limited “exclusive rights.” Or it would be covered by implied license or fair dealing (for purposes of research). An existing exception for “off-air taping” covers projection of Internet pages to a class. Student reproduction of digital material for projects is surely fair dealing for the purpose of research. Still other educational use of Internet material is not under copyright jurisdiction because it involves the gathering of facts and ideas rather than the reproduction of expressions. Or Internet-accessible material is already licensed by private contract with the provider. And so on: the point is that there has been no public accounting by the stakeholders or the government of what sort of “use” needs to be licensed or excepted. One would expect educational organizations, at least, to assert that all uses are not equal under copyright law, which in fact regulates very few of them.

4) The Normalization of Control

The words of Bruce Stockfish, Director General in the Department of Canadian Heritage, at an appearance at the Canadian Heritage Committee on June 11, 2002, provide an instance where the *Copyright Act*’s language of authorizing use is ratcheted up a notch into the language of control:⁴¹

Copyright, of course, is a matter of exclusive rights for creators of works. The nature of copyright is such that there is exclusivity; there is control over works. In order for users to have access to creators’ works, there needs to be clearance of those works.

There are exceptions, however, in the Copyright Act that are not so much in the interest of users, but in the interest of public policy, the overall interest of the public. We have recognized exceptions with regard to fair dealing and educational use, and these exceptions have been accepted by rights holders, as a general rule. Of course they

40 See “Protection and Copyright Policy,” in Murray, note 8 above.

41 The term “control” appears in the Act only in connection with crown copyright and the administration of the copyright office. See *Copyright Act*, note 26 above, ss. 12 & 52.

don't like them, and we understand that. Nevertheless, copyright is about balancing interests between rights holders and users.⁴²

Stockfish is correct here about “exclusive rights” — but the sole rights granted by the *Copyright Act* concern only the making, with respect to any substantial part of a work, material copies or immaterial copies (performances) disseminated to the public. The list of exclusive rights does not actually grant “control over works.” Neither is it true, especially on the Internet, that clearance always precedes, or ought to precede, access. Rights need to be cleared only when the proposed use would otherwise be infringing. The model suggested here is that one ought to be paying “per use” rather than “per copy,” and we have not, in Canada, agreed that we wish to make such a revolutionary change to our law. Stockfish's obeisance to the idea of balance does not mitigate the radical nature of his initial claims.

Nonetheless, Stockfish's slide into the language of control, implicitly over all use, is common practice. Certainly, it is now possible to regulate use very closely, and many forms of regulation go beyond simple authorization towards ongoing control. Software can charge “per use” of a text, a video game, or a computer program. It can prevent a database or a text from being reinstalled on a new computer, require a password before enabling use, limit the number of copies that can be made, or send information back to the copyright-holder about who is using the material. It could even put a virus into a computer of an unauthorized user. In U.S. law, it is a criminal offence to tamper with or disable any such “digital rights management” mechanisms.

And yet, I would identify a widespread confusion between what rights-holders can do with new technologies, and what it is in the public interest for them to be empowered to do. From the time of Britain's *Statute of Anne*, copyright has been a statutory right granted to authors to serve society's purposes in advancing learning.⁴³ Copyright extends only so far as to advance such purposes and no further. However, the idea that copyright-holders ought to have more rights in law to preserve quasi-natural rights

42 Remarks by Bruce Stockfish, *Standing Committee on Canadian Heritage*, 37th Parliament, 1st Session, Evidence (11 June 2002), <www.parl.gc.ca/committee/CommitteePublication.aspx?SourceId=6610#To910>.

43 The preamble of the *Statute of Anne* (1710) calls it “An act for the encouragement of learning, by vesting the copies [copyright] of printed books in the authors or purchasers of such copies [copyright]” The same perspective is evident in the US Constitution, s. 8, cl. 8 which enables the Congress to enact copyright: “To promote the Progress of Science and useful Arts, by securing for limited Times to Authors ... the exclusive Right to their respective Writings ...”

they deserve is spreading, despite much skepticism by citizens and scholars around the world. It is spread by simple repetition. Commenting on music file-sharing, for example, the *Globe and Mail* editorialized on April 25, 2005 that "... the passage of stronger legislation would put wind in its [the music industry's] sails, and would be in the interest of everyone who cares about letting copyright holders control their intellectual property."⁴⁴ "Everyone" might, or might not, want to let copyright holders control intellectual property more than they can now. As Jessica Litman has written about the American context, "We as a society never actually sat down and discussed in policy terms whether ... we wanted to recreate copyright as a more expansive sort of control."⁴⁵ Similarly, Lawrence Lessig notes that "Just because control is possible, it doesn't follow that it is justified. Instead, in a free society, the burden of justification should fall on him who would defend systems of control."⁴⁶ Or in the words of Canada's own Supreme Court:

Once an authorized copy of a work is sold to a member of the public, it is generally for the purchaser, not the author, to determine what happens to it. Excessive control by holders of copyrights and other forms of intellectual property may unduly limit the ability of the public domain to incorporate and embellish creative innovation in the long-term interests of society as a whole, or create practical obstacles to proper utilization.⁴⁷

One can perhaps make the same point in reverse: in no country have legislators concluded that because digital technologies make infinite perfect copying of copyrighted material possible, the law must enable and defend such copying. So why should a government presume that just because digital technologies make more total control of the use of works possible, such total control is a positive policy goal? This would be a grave error. Fortunately, by moving relatively slowly on copyright reform, Canada has a chance to avoid it.⁴⁸

44 "The Net's sour note," [*Toronto*] *Globe and Mail* (25 April 2005) A12.

45 See Litman, note 29 above at 86.

46 Lawrence Lessig, *The Future of Ideas: The Fate of the Commons in a Connected World* (New York: Vintage Books) at 14.

47 *Théberge*, note 24 above at paras. 31–32.

48 Another approach to achieving balance between rights-holders and users would be to consider whether members of the public might need more "control" over information about them harvested from the Internet. Julie Cohen reminds us that "[i]n disputes involving noncopyrightable information, courts have eagerly developed new theories to bar the 'unauthorized' extraction of information

5) The Appropriation of “Access”

The counterpoint to the calls for control over use is a demand for “access” to digital materials. In the conventional geometry of copyright balance, authorization and control are at one pole, and access is at the other: according to the *Framework for Copyright Reform* of 2001, “[i]t is imperative that we ensure an appropriate balance between copyright protection and access to works in the new technological environment.” Access is also a goal of general cultural policy in Canada. Thus the January 2001 Speech from the Throne declared that “[t]he focus of our cultural policies for the future must be on excellence in the creative process, diverse Canadian content, and access to the arts and heritage for all Canadians.”⁴⁹ Access “for all Canadians” implies not only availability but affordability — giving Canadians access to the arts and heritage is good for Canada. And yet, through the efforts of rights-holder organizations and the lack of vision of educational organizations, the term “access” in copyright discussion has largely come to mean simply “access to consumer goods.” It does not currently constitute a robust balance to authorization and control at all.

Outside the government, there are two competing strains of use of the word “access.” For many academics, artists, and software designers, “Open Access” is the great hope enabled by digital technology: by reducing costs associated with publication and distribution, the Internet can allow many users to use the same material, and even contribute to it, with little incremental cost.⁵⁰ Suddenly it has become affordable for universities, for example, to digitize and share their archival collections to people around the world. In a similar spirit, Open Source software is collaboratively developed by many contributors who are paid only in prestige, satisfaction, and the

from online repositories. At the same time, access to most personal information about individuals is presumptively uncontrolled, and courts have decreed that the new theories of unauthorized access that protect online commercial ventures do not bar the use of Web-based technologies to gather information about individual Internet users,” see Julie E. Cohen, “Normal Discipline in the Age of Crisis,” (*Georgetown Public Law Research Paper No. 572486*, 4 August 2004), <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=572486>.

49 See *Throne Speech*, note 7 above.

50 See *Budapest Open Access Initiative* <www.soros.org/openaccess>, and for a history with links to projects, see *Open Access Wikipedia* http://en.wikipedia.org/wiki/Open_access; note also that the Social Sciences and Humanities Research Council of Canada has endorsed Open Access principles, see “Council News: Highlights from the March 2005 Council meeting” *SSHRC* (24 April 2005), <www.sshrc.ca/web/about/council_reports/news_e.asp#3>.

uses to which they can put the improved software. The now-international Creative Commons movement has developed contracts by which creators can license some uses and adaptations of their work for free, and others for a fee, giving both creators and users more choices.⁵¹ The Internet has in general fostered a conception of participatory access very different from the way television executives or book publishers may have imagined “audience”: in this interactive world, as the Canadian Culture Online Advisory Board puts it, “... individual Canadians ... are at once creators and consumers, performer and audience.”⁵² In the context of such activities and discussions, “access” means not only ability to see or hear, but ability to manipulate and participate. Access becomes part of the creative process. However, this is not the weight of the term within the dominant Canadian copyright discourse.

Given their commitment to the language of control, one might expect that copyright-holder groups would abjure the term “access” or condemn it as a front for piracy and infringement. In fact they have taken up the word themselves with great success. In 2002, the Canadian Copyright Licensing Agency changed its name from Cancopy to Access Copyright. The new name represented “a declaration of new purpose.” “Now representing many electronic rights uses, and with online service and sophisticated new rights databases,” Access removed “copy” from its name to avoid association with an old technology and a model of copyright the organization sought to displace. With its “new service portal dedicated to providing access to Canadian works and those of creators everywhere,” Access promises “... enlightened licensing solutions ...”⁵³ to permit (and control) not just copying, but access (or use) itself.

The offer to provide access is more than a little ironic given that Access’s new initiative is a response to what it views as consumers’ excessive ease of access to information and culture via the Internet. According to the Access vision, digital technology’s greatest lure is its capacity to track and charge for access that was formerly unmonitored and unpaid. At the Heritage Committee, Access Director of Legal Affairs and Government Relations Roanie Levy explained that “[p]hotographers and freelance writers will have websites that they will use to expose their works. They want it to be publicly accessed as widely as possible. They don’t want to put TPM,

51 See *Creative Commons*, <www.creativecommons.org>.

52 See note 31 above at 12.

53 Access Copyright, *Annual Report 2002: Providing Access* (March 2003), <www.accesscopyright.ca/pdfs/annualreports/Access%20Copyright%20Annual%20Report%202002.pdf> at 3.

they don't want to put password protection, because that would limit access and that is not what they want."⁵⁴ Licensing would allow them to charge for such access. And yet limited free access has always been a part of ordinary merchandising, and it is not clear why the Internet changes the rules. Just as clothing shops allow customers to try on clothes, or software vendors offer test versions, photographers already have the ability to put low resolution images online to promote their work, only sending high resolution photographs to those who pay, and short extracts of books, articles, and songs can sell copies, as iTunes and Amazon have shown.

So we have two entirely different visions embodied in one word: (open) access and (paid) access. In order to minimize their difference from the perceived middle ground, advocates for all camps habitually avoid clarifying adjectives in favour of obfuscation. Thus a spokesman for the educational sector pleads for "reasonable legal access" because he doesn't want to draw attention to the hope that it will be free, while the Director of Legal Affairs and Government Relations for Access Copyright promises "easy and affordable" access in order to undermine the legitimacy of critiques of increased control over use through licensing.⁵⁵

It is disturbing that government seems to be caught up in this wave of confusion as well. The term "access" appears in every minister's speech and government document on copyright, but the onus is on the receiver to make it mean anything. For example, a performance report of the Heritage Department for the period ending March 31, 2001 states: "Copyright allows creators to be fairly compensated for their works and provides a mechanism through which Canada's rich cultural heritage is disseminated and made more accessible."⁵⁶ What kind of "access" is being celebrated here? Copyright is an economic incentive for publishers to disseminate works, so it would appear that we are talking about paid access — but the word "accessible" paired with "rich cultural heritage" carries a strong resonance of free or subsidized access. In fact, many of the projects to dis-

54 Remarks by Roanie Levy, *Standing Committee on Canadian Heritage, 37th Parliament, 2nd Session, Evidence* (29 October 2003), <www.parl.gc.ca/committee/CommitteePublication.aspx?SourceId=67135>.

55 Remarks by Roger Doucet, Council of Ministers of Education of Canada, and Roanie Levy, *Standing Committee on Canadian Heritage, 37th Parliament, 3d Session, Evidence* (27 April 2004), <www.parl.gc.ca/committee/CommitteePublication.aspx?SourceId=81053>.

56 *Canadian Heritage Performance Report: For the period ending March 31, 2001* (Ottawa: Treasury Board of Canada Secretariat, 2001), <www.tbs-sct.gc.ca/rma/dpr/00-01/canheroodpr/CanHeroodpro1_e.asp>.

seminate “Canada’s rich cultural heritage” funded by Canadian Heritage are only possible because the material is no longer in copyright. It is also possible that in this sentence “copyright” is meant expansively as a system of owners’ rights and users’ rights — in this sense it makes heritage accessible through fair dealing, limited copyright duration, other exceptions, and so on. And copyright is presented only as “a mechanism”—among others perhaps. The point is that there are several senses in which the statement can be true, and the pleasing word “accessible” means everything and nothing.

Things are clearer in the 2001 “Framework” document:

The Government is committed to ensuring that copyright law promotes both the creation and the dissemination of works. The objective of the *Copyright Act* is also to ensure appropriate access for all Canadians to works that enhance the cultural experience and enrich the Canadian social fabric. Access is assured through various means: by establishing simple rights clearance mechanisms; by devising alternate schemes that recognize copyright, e.g. the private copying regime; by allowing specific exemptions to aid users such as libraries, schools and archives to fulfill their vital institutional roles in Canadian society; and by other means that favour the circulation of information and cultural content for and by Canadians. Access is therefore an important public policy objective to consider when reviewing the copyright framework.⁵⁷

In this document, “appropriate access” is something to be grudgingly arranged through bureaucratic channels. There is no acknowledgement of the limited framing of copyrights in Section 3.1. Unless it is silently included under “other means,” there is no acknowledgment of fair dealing, which in the *Copyright Act* permits some unauthorized copying for the purposes of research, private study, and with citation, criticism, review, or news reporting.⁵⁸ Instead, we see recognition only of “specific exemptions.”⁵⁹ Access may be “an important public policy objective to consider,” it seems, but not to recognize or embrace.

57 See *Framework*, note 1 above.

58 See *Copyright Act*, note 26 above, ss. 29–29.2.

59 The Interim Report on Copyright Reform also speaks of “exemptions”: “Material used for public education is generally subject to copyright law. There are, however, limited exemptions for certain activities such as the display of copyright materials, performances or exams in the classroom.” see *Interim Report*, note 19

C. CONCLUSION

1) Legitimizing and Anchoring Access and Use

The implications of both conceptions of access must be seriously explored and thoroughly understood if Canada is to achieve a true balance in copyright law. Access has come to be thought of as a constrained privilege at the fringes of the copyright system, or a freedom available to those who purchase it, but there is a strong argument for its centrality to the copyright system, and indeed its status as a foundation of democratic culture. It is not sufficient to understand access only as a justification of more rights for owners, or as the antithesis of copyright. I have argued too that “use” must not be allowed to be silently added to the exclusive rights of copyright-owners. One of the principles of copyright reform articulated in the 2001 “Framework” document and cited in other policy papers since is that the rules “should be clear and allow easy, transparent access and use.” Access means little without flexibility of use. When most copyrighted works came in material form, access may have been more difficult, but freedoms of use were quite unconstrained. Now that many copyright works come in digital form, access is much easier for many, but it will be an entirely empty promise if attendant rights of use are prevented by technology and law.

One reason that “use” has been so easily linked to the rhetoric of control is that, along with the term “user,” it has negative connotations. Compared to terms such as “reader” or “audiophile,” the term “user” reduces the specificity and skill level of the receiver of cultural objects, and I have already suggested that the term carries a resonance of drug addiction. As a foil to “creator,” Canadian Heritage’s mystical term for those who in the *Copyright Act* go by the name of authors, broadcasters, and performers, “user” evokes the parasitical and the grasping. On the other hand, “use” can mean not only “use up” but also “manipulate,” “implement,” or “take into hand for a purpose.” In this sense, applying the term “user” to a person who browses the Internet or listens to music could evoke engagement and creativity. This is a connotation the term bears in computer circles, where “user groups” are practical and co-operative ventures to share knowledge freely and increase people’s confidence and comfort with technologies. If we don’t talk about television or radio “users,” it may be because those technologies, relatively speaking, simply didn’t permit the kinds of inter-

above at 11. In this formulation, “exemptions” are not even a part of copyright law — a view clearly overturned in *CCH Canadian Ltd*, note 24 above.

action and participation that digital technologies can. Rather than thinking of people's "use" of material only in terms of lost income for specific copyright-owners, we might consider the personal, social, cultural, and economic gains such use, in its dynamic sense, may permit.

The term "user" has recently been dignified by the Supreme Court, which stated in *CCH Canadian Ltd. v. Law Society of Upper Canada* (2004) that "Canada's *Copyright Act* sets out the rights and obligations of both copyright owners and users. ... The exceptions to copyright infringement, perhaps more properly understood as users' rights, are set out in ss. 29 and 30 of the Act." The present essay submits a broader version of such a claim, in that it attends to possibilities for "access" and "use" in the interstices of the Act, not only in its stated exceptions. But the important point in *CCH* is the assertion of the existence of "rights *and obligations* of both copyright owners *and users*" (my emphasis). The Court insisted that "the fair dealing exception, like other exceptions in the *Copyright Act*, is a user's right. In order to maintain the proper balance between the rights of a copyright owner and users' interests, it must not be interpreted restrictively."⁶⁰ The idea that copyright law ought to represent a balance between control and authorization on one side of the scales and access and use on the other is crucial to its history and future. I have argued here that the spirit of balance will only be served if each of its terms is understood in a robust form. Otherwise, many of the cultural and economic functions we seek to promote will be left in a heap beside the scales, and other activities will be put on the scales that have earned no place there. As we move forward into the next phase of copyright reform discussion, we can aim for ample contextualization and critical mobilization of the familiar terms of debate.

60 *CCH Canadian*, note 24 above, at paras. 11–12.

Interests in the Balance

Teresa Scassa

A. INTRODUCTION

The starting point for any exercise in legislative reform should be a consideration of the policy underlying the legislation. After all, the reforms should further the underlying public policy objectives. In Canadian copyright law, however, not only has the public policy underlying the legislation been unclear since the law's inception, it has become murkier still in recent years, with competing and often contradictory articulations from policy makers and the courts. As we stand once again on the eve of significant copyright reform in Canada, it is useful to step back and examine the policy underlying the legislation.

Most recently copyright law in Canada has been referred to as a balance between the interests of creators and users of works.¹ Other iterations of the balance have made reference to a broader societal interest as well.² Yet such statements are far from being an adequate articulation of the interests in the balance. Little attention has been given to defining who “creators” and “users” are, or to identifying the societal interests at play. Further, the expression of balance between users and creators overlooks another important — if not crucial — interest: that of owners. In

1 *SOCAN v. CAIP*, 2004 SCC 45, <www.canlii.org/ca/cas/scc/2004/2004scc45.html> [2004] 2 S.C.R. 427 [SOCAN] at para. 132.

2 *Théberge v. Galerie d'art du Petit Champlain*, 2002 SCC 34 <www.canlii.org/ca/cas/scc/2002/2002scc34.html> [2002] 2 S.C.R. 336 [Théberge].

the commercial marketplace for copyright works, it is rare that the owner of copyright in a work is actually its creator. Many of the most significant groups pressuring the government for copyright reform represent copyright industries and thus the interests of copyright owners are central to public policy considerations. Although they are often conflated with the interests of creators, it should not be assumed that they are the same.

In this chapter, I will explore the underlying purpose of Canadian copyright as a balance between a series of competing interests. I will argue that there are many different types of “users” of copyright works, just as there are many different types of “creators.” I will explore the interests of “owners,” as well as the diversity of societal interests in copyright law, including interests that compete with the private property rights created and protected by copyright law. I will centre this analysis in the context of the massive technological changes brought about by digitization and the Internet. Ultimately, I argue for a more textured view of the competing interests at play in copyright policy.

B. THE PURPOSE OF COPYRIGHT LAW

Unlike that of the United States,³ Canada’s constitution⁴ does not contain any articulation of the purpose of copyright law.⁵ The *Copyright Act*⁶ also lacks an explicit statement of purpose. Until very recently, discussions of the purpose of copyright law have not featured prominently in judicial interpretations of the legislation. In *Compo Co. v. Blue Crest Music Inc.*,⁷ Estey J. referred to the *Copyright Act* as providing simply “rights and obligations upon terms set out in the statute.”⁸

3 United States *Constitution*, art. 1, §8, cl. 8., <www.usconstitution.net/const.html#Article1>. In the U.S. Constitution, the copyright balance is struck between the rights of authors to a revenue stream flowing from their work and the promotion of “the Progress of Science and useful Arts.” Of course, even in the U.S. there is controversy over the manner in which such balances are struck. See, for example: *Eldred v. Ashcroft*, 537 U.S. 186 <www.supremecourt.us.gov/opinions/02pdf/01-618.pdf>, 123 S.Ct. 769 (2003) [*Eldred*].

4 *Constitution Act*, 1867, U.K., 30 & 31 Victoria, c. 3. <http://laws.justice.gc.ca/en/const/c1867_e.html#executive>.

5 Section 91(23) of the *Constitution Act*, 1867, *ibid.*, provides a one-word description of the legislative authority in this area: Copyrights.

6 *Copyright Act*, R.S.C. 1985, c. C-42, <<http://laws.justice.gc.ca/en/C-42>>.

7 *Compo Co. v. Blue Crest Music Inc.*, [1980] 1 S.C.R. 357 at 373.

8 See also *Bishop v. Stevens*, [1990] 2 S.C.R. 467 at 477, where McLachlin J. (as she then was) stated that “copyright law is purely statutory law,” and took the view that resolving the issues in dispute was a matter of statutory interpretation.

Absent any express constitutional, statutory, or judicial statement of the purpose of copyright, copyright scholars in Canada have, for the most part, approached the issue from either a natural rights or a utilitarian perspective.⁹ The natural rights position, that copyright law is justified as a reward for authors for the labor they have invested to create their works, has fallen into disfavor among many academics.¹⁰ By contrast, the utilitarian perspective, that copyright law is a balance more directly aimed at promoting social utility by providing limited monopoly rights to creators, seems to dominate.¹¹ In spite of this, past exercises in legislative reform have often favored a natural rights view. In 1995, the Information Highway Advisory Council submitted a report on *Copyright and the Information Highway* in which it noted:

It must here be recalled that the U.S. law is founded on the principle that copyright is a tool 'to promote the progress of science and useful arts.' According to that principle, the goal of copyright in the U.S. is to be an incentive for the disclosure and publication of works.

The Canadian Act is based on very different principles: the recognition of the property of authors in their creation and the recognition of works as an extension of the personality of their authors.¹²

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- 9 David Fewer, "Constitutionalizing Copyright: Freedom of Expression and the Limits of Copyright in Canada" (1997) 55 U. T. Fac. L. Rev. 175 at para. 16.
 - 10 *Ibid.*, paras. 17–19; see also Carys J. Craig, "Locke, Labour and Limiting the Author's Right: A Warning against a Lockean Approach to Copyright Law" (2002) 28 Queen's L.J. 1 at 8. Craig is critical of the natural rights approach which she argues continues to influence Canadian copyright discourse. However, not all have abandoned the natural rights view. See, for example, Barry Sookman, "'TPMs' A Perfect Storm for Consumers: Replies to Professor Geist" (2005) 4 CJLT 23 at 24.
 - 11 Howell suggests that the Supreme Court of Canada's decision in *Théberge* has moved Canadian law closer to a social contract theory of copyright. (See Robert G. Howell, "Recent Copyright Developments: Harmonization Opportunities for Canada" (2002–2003) 1 U.O.L.T.J. 149 at 152. Vaver states that "The strongest economic argument for intellectual property is utilitarian: without such rights, much research and creativity would not be carried on or would not be financed by capitalists." See David Vaver, *Copyright Law* (Toronto: Irwin Law Inc., 2000) at 10. However, Vaver notes that the theory is nonetheless not entirely satisfactory.
 - 12 Information Highway Advisory Council, *Copyright and the Information Highway: Final Report of the Copyright Sub Committee* (Ottawa: Information Highway Advisory Council, 1995) at 30. Ten years earlier, another policy report, by its very title, indicated the privileging of the relationship between creators and their works. See: Canada, Sub-Committee on the Revision of Copyright, *A Charter of Rights for Creators* (Ottawa: Standing Committee on Communications and Culture, 1985). The Committee stated bluntly: "ownership is ownership is owner-

This view echoes earlier government articulations of copyright purpose.¹³

Many judges in Canada have been reluctant to expressly articulate an underlying purpose for copyright. It has been argued, though, that court decisions have leaned towards a utilitarian model,¹⁴ with some deviations towards a natural rights view.¹⁵ In an awkward amalgam of the two approaches, the Federal Court of Appeal in *CCH Canadian Ltd. v. Law Society of Upper Canada* stated: “The person who sows must be allowed to reap what is sown, but the harvest must ensure that society is not denied some benefit from the crops.”¹⁶ It is safe to say that, until very recently, there was no “official” version of the purpose underlying Canadian copyright, and that opinion was both divided and shifting over time.

In this context, it was quite a dramatic event when, in 2002, the Supreme Court of Canada handed down its decision in *Théberge v. Galerie d’Art du Petit Champlain*.¹⁷ Binnie J., for the majority of the Court, firmly articulated a view of the fundamental purpose of copyright law in Canada. He wrote:

The *Copyright Act* is usually presented as a balance between promoting the public interest in the encouragement and dissemination of works of the arts and intellect and obtaining a just reward for the cre-

ship” (at 9), and embraced the metaphor of a creator as the landholding farmer of the mind.

13 *Charter of Rights of Creators*, *ibid.*

14 Fewer argues that Canadian courts have largely embraced a utilitarian model; above note 9 at para. 24; although Craig, above note 10 at para. 29, is less certain of this.

15 For example, Gonthier J. for the dissent in *Théberge*, above note 2 at para. 141, seems to embrace a natural rights view when he emphasizes the primacy of the author’s right to profit from their work. In *BMG Canada Ltd. v. John Doe*, 2005 FCA 193 <<http://decisions.fca-caf.gc.ca/fca/2005/05.shtml>>, [2005] F.C.J. No. 858 at paras. 40–41, the Federal Court of Appeal, in discussing the privacy rights at issue noted: “Individuals need to be encouraged to develop their own talents and personal expression of artistic ideas, including music. If they are robbed of the fruits of their efforts, their incentive to express their ideas in tangible form is diminished. ... Modern technology such as the Internet has provided extraordinary benefits for society, which include faster and more efficient means of communication to wider audiences. This technology must not be allowed to obliterate those personal property rights which society has deemed important. Although privacy concerns must also be considered, it seems to me that they must yield to public concerns for the protection of intellectual property rights in situations where infringement threatens to erode those rights.”

16 *CCH Canadian Ltd. v. Law Society of Upper Canada*, 2002 FCA 187, <<http://decisions.fct-cf.gc.ca/fct/2002/2002fca187.shtml>>, [2002] 4 F.C. 213 at para. 23.

17 Above note 2.

ator (or, more accurately, to prevent someone other than the creator from appropriating whatever benefits may be generated)

The proper balance among these and other public policy objectives lies not only in recognizing the creator's rights but in giving due weight to their limited nature. In crassly economic terms it would be as inefficient to overcompensate artists and authors for the right of reproduction as it would be self-defeating to under-compensate them.¹⁸

Although this vision has been described as embracing the utilitarian view of copyright,¹⁹ the statement also seems to give priority to the economic rights of authors. For example, in *Desputeaux v. Editions Chouette (1987) Inc.*,²⁰ LeBel J. for a unanimous Court cited *Théberge*, for the proposition that:

The *Copyright Act* deals with copyright primarily as a system designed to organize the economic management of intellectual property, and regards copyright primarily as a mechanism for protecting and transmitting the economic values associated with this type of property and with the use of it.²¹

Whatever its jurisprudential roots, the key passage from *Théberge* has been reiterated by the Supreme Court of Canada in several subsequent decisions.²² The message is clear that, in the Court's view at least,²³ the issue of the purpose of copyright law in Canada is now settled.

Unfortunately, things might not be as settled as one might wish. The fact that the Supreme Court has confirmed a particular purpose for copyright law does nothing to constrain Parliament from pursuing a different purpose or striking a different balance, absent any kind of constitutional constraint. Further, the Supreme Court's own articulation (and re-articu-

18 *Ibid.* at paras. 30–31.

19 Howell, above note 11 at 152.

20 *Desputeaux v. Editions Chouette (1987) Inc.*, 2003 SCC 17; <www.canlii.org/ca/cas/scc/2003/2003scc17.html> [2003] 1 S.C.R. 178 [*Desputeaux*].

21 *Ibid.* at para. 57.

22 *CCH Canadian Ltd. v. Law Society of Upper Canada*, 2004 SCC 13 <www.canlii.org/ca/cas/scc/2004/2004scc13.html> [2004] 1 S.C.R. 339 [*CCH Canadian Ltd. (SCC)*]; SOCAN, above note 1.

23 Because the statement of purpose is not expressed in the constitution, as it is in the U.S., it must be remembered that Parliament is free to amend the *Copyright Act*, above note 6, to include a statement of purpose that is at variance with that set out by the Supreme Court of Canada. It is also free to amend the legislation in such a way as to profoundly alter the balance between users and owners of copyright.

lation) of the *Théberge* purpose statement reveals a lack of certainty as to both the precise interests in the balance and the rationale for balancing them. Finally, the interests themselves remain unexplored, unarticulated, and undefined. Even if it is widely accepted that copyright law should balance the interests of creators and users (and perhaps society as well, depending on the articulation of the formula), there is no common consensus as to what constitutes those interests or who represents them.

1) A Departure Point for Balancing

One uncertainty lies in identifying the framework in which balancing is to take place. It is unclear whether the balance contemplated by the Court in *Théberge* is a more abstract “balancing approach” to be brought to bear in interpreting the legislation, or whether it is a matter of striving to give substance to the balance already identified by Parliament in the text of the legislation. The Federal Court of Appeal in *CCH Canadian Ltd.* would seem to have favored the latter approach. Linden J.A. for the majority noted: “Canadian courts must always be careful not to upset the balance of rights as it exists under the Canadian Act.”²⁴

By contrast, the Supreme Court of Canada in *Théberge* appears to suggest that the balance is one that is mandated by the inherent nature of copyright law.²⁵ In *CCH Canadian Ltd. v. Law Society of Upper Canada*, the Court does seem to go outside the boundaries of the legislation to strike its balance. In interpreting the scope of the fair dealing exceptions, the Court not only characterizes them as “users’ rights,”²⁶ but gives them a broad interpretation that is a significant departure from past Canadian approaches.²⁷ Relatively little attention is given to examining the overall content, structure,

24 *CCH Canadian Ltd.* (FCA), above note 16 at para. 22.

25 The impact of this approach is less clear in *Théberge*, above note 2, where the Court was interpreting the term “reproduction” used in the legislation. The balance in *Théberge* was ultimately between the moral and economic rights contained in the *Copyright Act*. In this respect, Margaret Ann Wilkinson suggests that the statement of purpose in *Théberge* was actually *obiter*. See Margaret Ann Wilkinson, “National Treatment, National Interest and the Public Domain” (2003–2004) 1 & 2 *Ottawa Law & Tech. J.* 23 at 37.

26 *Théberge*, above note 2 at para. 48.

27 Vaver is critical of approaches that have sought to construe the fair dealing provisions narrowly as an exception to owners’ rights (Vaver, *Copyright Law*, above note 11 at 171). Certainly the interpretation of the fair dealing provisions in cases such as *Cie Generale des Etablissements Michelin-Michelin & Cie v. C.A.W.-Canada et. al.* (1996), 71 C.P.R. (3d) 348 (F.C.T.D.), have been very restrictive.

and framework of the legislation. Rather, the Court seems to use a broader concept of balance as a departure point for its analysis.²⁸

The difference between the two approaches is significant. In interpreting new provisions which clearly favour (for example) the rights of owners over those of users, a court striving to maintain the balance reflected in the legislation may interpret the fair dealing exceptions with a view to giving effect to this inclination in the legislation.²⁹ By contrast, a court with a view to a more abstract “balance” might give a generous interpretation to so-called “users’ rights”; notwithstanding the fact that other provisions of the legislation suggest that a restrictive approach would be more consistent overall. This is arguably what happened at the Supreme Court of Canada level in *CCH Canadian Ltd.*³⁰

2) Interests in the Balance

Once one gets past the issue of whether to balance interests in the abstract or in the context of the legislation as a whole, it is necessary to determine from the Court’s articulations (and re-articulations) of the purpose of copyright, what interests, even in general terms, are part of the balance, and what relative weight they should be given. Notes of disharmony in the Court’s approach are apparent in the *Théberge* decision itself. Gonthier J., who penned the dissenting opinion, does not expressly reject the statement of purpose of Binnie J. Nevertheless, he states that the primary purpose of the economic

28 *CCH Canadian Ltd.* (SCC), above note 22 at para. 26.

29 Several groups responding to the federal government’s call for comments on their *Consultation Paper on Digital Copyright Issues* (Industry Canada and Heritage Canada, *Consultation Paper on Digital Copyright Issues*, (Ottawa, June 22, 2001); <http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/h_rpo1102e.html> [*Consultation Paper*]) expressed concern that the first proposed phase of reforms would deal primarily with strengthening creators’ rights, leaving the legislation unduly weighted towards the interests of creators. See, for example, Canadian Association of Research Libraries (CARL), Submission, September 10, 2001, <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp00319e.html>>: “The issues the two departments have selected for inclusion in the two consultation papers are not balanced. Should these issues alone constitute the first legislative reform package, the result would clearly tip the legislative balance in favour of creators and rights owners.” See also: Canada School Boards Association (CSBA), Submission, September 14, 2001, <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp00260e.html>>: “Parliament cannot create a balanced law when it does not have all of the issues to be balanced before it.”

30 In discussing the fair dealing exceptions, the Court adopted a set of open-ended factors that could be used to guide a more flexible and contextual fair dealing analysis. *CCH Canadian Ltd.* (SCC), above note 22 at para. 53.

rights in the *Copyright Act* “is to enable the author to profit from his work.”³¹ This suggests a natural rights view, or at least a balancing approach that gives additional weight to authors’ interests.³² Although the unanimous court later takes up Binnie J.’s statement of purpose in *CCH Canadian Ltd.*, it is not entirely certain if there is a consensus (or what such a consensus might be) with respect to the relative weight of the interests in the balance.

The Court in *Théberge* refers to a balance between the public interest and the rights of the creator. This balance is referenced again in *CCH Canadian Ltd.* as reflecting the dual goals of copyright law.³³ However, in *CCH Canadian Ltd.*, the Court discusses the balance between the rights of owners and users, thus seeming to conflate the interests of users with the “public interest.” While this is an interesting perspective, it is not universally accepted that the interests of the public and those of users always coincide. Some have argued, for example, that robust protection for the economic rights of owners best serves the public interest by establishing strong incentives to create new works.³⁴ In current discourse, representatives of the music industry argue that only a high level of protection of owners’ rights will ensure the viability of the music industry.³⁵ In the same vein, some commentators balk at the notion that users have “rights” (as opposed to, for example, limited exceptions).³⁶

31 *Théberge*, above note 2 at para. 141. This tension over the relative weight of the interests in the balance is present in U.S. case law as well. For example, in *Eldred*, above note 3, Ginsburg J. for the majority of the Court expressly rejected the view of Stevens J., in dissent, that the reward to the author is a “secondary consideration” in achieving the constitutional objective of promoting the progress of science and the useful arts. Instead, emphasizing the profit motive, Ginsburg J. stated: “Copyright law serves public ends by providing individuals with an incentive to pursue private ones.” (*Eldred*, above note 3 at 212).

32 Howell also notes the inconsistency between the majority and dissent on this point: above note 11 at 154.

33 *CCH Canadian Ltd.* (SCC), above note 22 at para. 10.

34 See, for example, the submissions of the Canadian Recording Industry Association (CRIA) to the federal government as part of the Copyright Reform Process, September 14, 2001 [*CRIA Submissions*] <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp00249e.html>>. Sookman has also argued that “protecting rights holders from having others unfairly appropriate their works is in the public interest.” See Sookman, above note 10 at 25.

35 *CRIA Submissions*, *ibid.*

36 Sookman, above note 10 at 34. Note that in the *CRIA Submissions*, above note 34, the question posed in the Consultation Paper: “How would a ‘making available’ right affect the balances among the various copyright interests” was treated by CRIA as a question exclusively about the interests of various holders of rights (be they copyright or neighbouring rights) in musical works.

In *SOCAN v. CAIP*,³⁷ Binnie J. augments the confusion over the rights or interests in the balance when he states that “This appeal is only tangentially related to holding ‘the balance’ between creators and users.”³⁸ This rephrasing of his statement in *Théberge* would seem to narrow the concept of “public interest” to the interests of users. However he also states that “Section 2.4(1)(b) is not a loophole but an important element of the balance struck by the statutory copyright scheme.”³⁹ The message is mixed. Binnie J. opines that the use of the Internet “should be facilitated rather than discouraged, but this should not be done unfairly at the expense of those who created the works of arts and intellect in the first place.”⁴⁰ What seems to occur in *SOCAN* is a further subdivision of interests in the balance. The place of creators’ rights is clear, and the Court also acknowledges the category of users’ rights. In addition, Binnie J. seems to separately recognize “tangential” public interests: ones that relate to the growth of the Internet and the digital economy.

Although it may make sense to consider different kinds of interests separately to achieve a more textured approach, there are problems with placing interests in “boxes.” While fostering the growth of the Internet and the digital economy is an important public policy goal in Canada, it is also crucial to the creation, use, and dissemination of a variety of works. It is for this reason that the impact of copyright policy in relation to digitization and the Internet is at the very heart of current debates around copyright law reform.

It is also not necessarily appropriate to conclude that the public interest in a robust Internet is tangential to (or to be given less weight in) any copyright balance. The apparent exclusion of the broader public interest from the balancing approach in *SOCAN* also does not appear to be in step with federal policy more generally. On a number of recent occasions, federal government policy papers have emphasized the importance of copyright law to the development of Canada’s digital economy.⁴¹ For example, a recent report to Parliament noted that alongside the cultural policy objectives of the *Act* are objectives related to using the legislation “as a powerful lever to promote innovation, entrepreneurship, and success in the new

37 Above note 1.

38 *Ibid.* at para. 132.

39 *Ibid.* at para. 89.

40 *Ibid.* at paras. 40 & 131.

41 Departments of Industry and Canadian Heritage, *A Framework for Copyright Reform* (Ottawa: Industry Canada, 2001) <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp01101e.html>>.

economy.”⁴² Further, policy documents have also recognized a wide range of interests addressed by copyright legislation, which include those of intermediaries.⁴³

That the “balancing approach” embraced by the Supreme Court of Canada is not a particularly clear-cut formula is evident in subsequent court decisions which have relied upon a balancing of interests to arrive at particular results. The Federal Court of Appeal in *CCH Canadian Ltd.* gave a fairly complex description of the range of public interests served by copyright law:

Copyright law should recognize the value of disseminating works, in terms of advancing science and learning, enhancing commercial utility, stimulating entertainment and the arts and promoting other socially desirable ends. In order to realize these benefits, however, creators must be protected from the unauthorized exploitation of their works to guarantee sufficient incentives to produce new and original works.⁴⁴

Linden J.A. would balance a broad range of public interests with the interests of creators. Although “users’ rights” might be a shorthand for many of these interests, it is a shorthand which underplays the range and depth of interests. The balance to be struck is framed more narrowly in *Robertson v. Thomson Corp.*,⁴⁵ where the majority of the Ontario Court of Appeal paraphrases Binnie J.’s statement in *Théberge* as follows: “The Act thus has two objectives, the provision of access to works and the recognition of the right of the person creating the work to control its use and receive payment. In interpreting the Act, courts must strive to maintain an appropriate balance between the two objectives.”⁴⁶ The weighting of the balance seems even more one-sided in the recent Federal Court of Appeal decision in *BMG Canada Inc. v. John Doe*, where the Court expressed the view that:

42 **Minister of Industry**, *Supporting Culture and Innovation: Report on the Provisions and Operation of the Copyright Act* (Ottawa, October 2002) <<http://strategis.ic.gc.ca/pics/rp/Section92eng.pdf>>, Preface at i.

43 In the recent *Consultation Paper*, above note 29 at 6, there is reference to the fact that “The *Copyright Act* has evolved over time to reflect a balance between the various categories of rights holders, intermediaries and users.”

44 *CCH Canadian Ltd.* (FCA), above note 16 at para. 23.

45 *Robertson v. Thomson Corp.*, 2004 CanLII 32254 (ON C.A.), (2004), <www.ontario.courts.on.ca/decisions/2004/october/C38148.htm>, 243 D.L.R. (4th) 257.

46 *Ibid.* at para. 31.

Intellectual property laws originated in order to protect the promulgation of ideas. Copyright law provides incentives for innovators — artists, musicians, inventors, writers, performers and marketers — to create. It is designed to ensure that ideas are expressed and developed instead of remaining dormant. Individuals need to be encouraged to develop their own talents and personal expression of artistic ideas, including music. If they are robbed of the fruits of their efforts, their incentive to express their ideas in tangible form is diminished.⁴⁷

The reference to “fruits of their efforts” harkens back to a natural rights view of copyright. Moreover, the “balance” described here seems to lean predominantly towards protecting the interests of creators through providing adequate incentives. Copyright law is described as “protecting” the promulgation of ideas, rather than “promoting” it.

Up to this point my description has sought to establish that while the Supreme Court of Canada has mandated a “balancing approach” to copyright law, the relevance of the existing compromises reflected in the legislation, the nature of the interests in the balance, and the weight they are to be given remain contentious. In the section that follows I will explore the complexity of some of the interests that feature in this copyright balance.

C. COPYRIGHT INTERESTS

Thus far we have seen several specific interests identified in both judicial and academic statements about copyright purpose. “Creators” are one interest group that features prominently. Creators are hard to ignore, as the legislation specifically links the monopoly rights granted to their original efforts.⁴⁸ The public interest in the encouragement and dissemination of works of the intellect is also identified. This is sometimes translated into “users’” rights, suggesting that the end users’ access to works represents the ultimate dissemination of the works. Judicial pronouncements on the copyright balance do not reference “owners” of copyright, but this is a very significant interest.

It is possible to divide these interests into two general categories: owners and creators, and users and society. Within these groups there is such a diversity of constituents that it is safe to say that their interests are not always equally served, or served at all by the same copyright provisions.

⁴⁷ *BMG Canada Inc.*, above note 15 at para. 40.

⁴⁸ *Copyright Act*, above note 6, s. 5 states that copyright subsists “... in every original literary, dramatic, musical and artistic work.”

1) Owners and Creators

In *Théberge*, Binnie J., like so many others who have written about the copyright “balance,” refers to the interests of “creators” of works. This plays on the traditional copyright mythology of the centrality of the struggling artist as creator, and links the copyright monopoly to the expenditure of their creative and intellectual efforts. Yet as many have observed, this romantic notion of the author is largely a fiction.⁴⁹ Further, within the spectrum of works created by copyright, the link between the author and her reward is less obvious. Finally, many works are commercially exploited, not by the creator of the work, but by the owner of the copyright. In such a context, the interests of the two may well diverge in terms of the nature of copyright protection afforded. I will deal with each of these points in turn.

First, the romantic notion of the creator is problematic generally, as individuals create within a broader cultural context, and draw upon the works of others who have gone before them in creating their own works. In many ways, then, the creator is a user of works, and the interests of creators and users intersect. In contemporary times, the line between the creation of a new work and the use of the work of another has blurred significantly. *Rogers v. Koons*⁵⁰ and *Campbell v. Acuff-Rose*⁵¹ are two classic examples of an increasingly common phenomenon, where the creator’s borrowing from a previous work raises questions about the boundaries of copyright in the first. Fan fiction,⁵² a phenomenon that predates the Internet, but that has flourished in recent years, also raises similar questions on a more amateur

49 Randall notes that the concept of authors as owners of copyright was an eighteenth century invention. See Marilyn Randall, *Pragmatic Plagiarism: Authorship, Profit, and Power* (Toronto: University of Toronto Press, 2001) at 268. See also Peter Jaszi, “Toward a Theory of Copyright: The Metamorphoses of ‘Authorship’” (1991) Duke L.J. 455 at 466–71.

50 *Rogers v. Koons*, 960 F.2d 301 (2d Cir. 1992) <www.ncac.org/artlaw/op-rog.html>. In *Rogers*, an infringement suit was brought by a photographer who objected to a sculpture made by the defendant that copied his photograph in three-dimensional form as a kind of social commentary. The photographer was ultimately successful in the suit.

51 *Campbell v. Acuff-Rose*, 510 U.S. 569, <www.law.uconn.edu/homes/swilf/ip/cases/campbell.htm> 114 S.Ct. 1164 (1994). In this case, the plaintiff copyright holder sued the defendant over the defendant’s parody of the plaintiff’s song. The defendant was able to successfully argue that the parody amounted to “fair use.”

52 Traditionally, fan fiction has involved fans of television series’ or movies writing scripts that feature the central characters and general themes of the target series/movie. The Internet has given new life to fan fiction, permitting fan web sites to spring up and host large quantities of stories written by fans that are easily accessible to aficionados the world over.

level.⁵³ In fact, digitization has given rise to a much greater facility for users to create works that are based upon the works of others. On one end of the spectrum, this may involve the creation of their own compilations of works (play-lists, for example).⁵⁴ On the other end, it may involve the substantial modification or alteration of digital content such as movies,⁵⁵ or sampling from music.⁵⁶ A substantial body of work — academic and scientific publication, for example — is also the result of creators building on the works of others. Strong copyright protection for “creators” in these contexts might privilege the first sort of creation by outlawing the second.⁵⁷

The second point is that a very significant number of copyright protected works are not created in a context where there is a clear link between the creation of the work and the incentive provided by the copyright monopoly. The example of academics, who are salaried and write for tenure or promotion rather than for royalties, is an example that has been given before.⁵⁸ However there are many other instances where the link between incentive and creation is indirect. Copyright in works created in the course of employment is owned by the employer;⁵⁹ and a significant volume of copyright protected materials is produced in such contexts. The software industry is but one example — the production of value-added compilations is another. In such contexts, salary and benefits are both the incentive and reward for creation. Although it can be argued that copyright protection

53 See, for example: Meredith McCardle, “Note: Fan Fiction, Fandom, and Fanfare. What’s All the Fuss?” (2003) 9 B.U.J. Sci & Tech L. 433.

54 Copyright can exist in an original selection or arrangement of material, even if the underlying material is in the public domain (as is the case, for example with facts) or the intellectual property of another person (as is sometimes the case with journals or anthologies). *Copyright Act*, above note 6, s. 2 “compilation.”

55 See, for example: René Pepin, “Les consommateurs et les clubs video ont-ils le droit de modifier les films à leur guise?” (2004) 3 C.J.L.T. 57.

56 For a discussion of the creative dimensions of sampling, see Kembrew McLeod, *Freedom of Expression: Overzealous Copyright Bozos and Other Enemies of Creativity* (New York: Doubleday, 2005) at 61–113 <<http://kembrew.com/documents/mcleod-freedomofexpression3.pdf>>.

57 It would be possible to characterize the result of this process either as a new “work” or as an active and engaged form of consumption of the first work, depending on the nature and circumstances of the work and its creation. See the discussion of transformation in Lawrence Lessig, *Free Culture: How Big Media Uses Technology and the Law to Lock Down Culture and Control Creativity* (New York: Penguin Press, 2004) at 100–7 <www.free-culture.cc/freeculture.pdf>.

58 See, for example, Stephen G. Breyer, “The Uneasy Case for Copyright: A Study of Copyright in Books, Photocopies, and Computer Programs” (1970) 84 Harv. L.Rev. 281.

59 *Copyright Act*, above note 6, s. 13(3).

provides the basis for the company's ability to continue to pay its employees, and thus encourages the creation and dissemination of work, this link is far from direct. In many cases, uncertainty about copyright protection has not stopped the production of such works. For example, the uncertain scope of protection for compilations of fact has not brought the production of fact-based compilations to a halt.⁶⁰ In fast-moving industries, particularly in the software and information sectors, being first to market may be more significant to a company's success than robust copyright protection. In more mundane contexts, wedding and event photographers, for example, will be hired to take photographs regardless of the strength or weakness of copyright protection.⁶¹ While I do not mean to minimize the importance of copyright protection to the production of many kinds of works, my point is that the link between the copyright incentive to create and the creation of works that are protected by copyright is not always a direct one. The level of robustness actually required to produce the desired balance may vary from sector to sector.⁶²

The fact that copyrights are often commercially exploited by owners who are not creators is also significant in considering a balance between "creators" and society more generally.⁶³ While in many cases there will be

60 The issue of whether there was copyright in in-column phone book listings was litigated over a number of years in *Tele-Direct (Publications) Inc. v. American Business Information Inc.* (1996), 74 C.P.R. (3d) 72 (F.C.T.D.) <<http://reports.fja.gc.ca/fc/1998/pub/v2/1998fc21425.html>>, aff'd [1998] 2 F.C. 22; (1997), 76 C.P.R. (3d) 296 (F.C.A.), leave to appeal to S.C.C. denied, [1998] 1 S.C.R. xv, before being resolved in the negative. The Federal Court of Appeal decision in that case did not, however, clearly resolve the issue of the standard for originality in Canada. Although *CCH Canadian Ltd.* (SCC), above note 22, has ostensibly settled this issue, the issue of originality of any compilation of facts will ultimately be determined on a case by case basis. Canada has no *sui generis* protection for compilations of fact.

61 Currently, absent any agreement to the contrary, a person who commissions a portrait holds copyright in any event. This is slated to change in the current round of reforms.

62 With Crown copyright the incentive to create is generally entirely absent. In some cases, such as the legislative or judicial context, the creation of works is actually mandated by law. For a discussion of some of the issues relating to Crown copyright see: W.T. Stanbury, "Aspects of Public Policy Regarding Crown Copyright in the Digital Age" (1996) 10 I.P.J. 131, Jacques Frémont, "Normative State Information, Democracy and Crown Copyright" (1996) 11 I.P.J. 19; Teresa Scassa, "The Best Things in Law are Free: Towards Quality Free Public Access to Primary Legal Materials in Canada" (2000) 23 Dalhousie Law Journal 301.

63 Randall, among others, notes that copyright law has its genesis in measures designed expressly to support the print industry (Randall, above note 49 at 81).

a concrete link between the ability of an owner to exploit a copyright and the reward for the creator, this is not always the case, or it does not always trickle down in the manner one might expect. For example, an author of a book will likely not be able to get her book published and properly marketed without the involvement of a publishing company. That company will not publish the book unless they are reasonably confident they will get a satisfactory return on their investment in the publication and marketing of the work. The level of copyright protection available has a real impact on their decision to publish the book, and thus on the author's ability to gain a revenue stream from their work. Typically, a publishing company will only publish the book if the author assigns copyright to them; the author's reward comes in the form of royalties paid on the basis of sales. Again, the amount of money received by the author will be affected by the robustness of copyright protection, as the author will receive nothing if readers are acquiring unauthorized copies of the book. Thus, the robustness of the copyright scheme has an impact on the incentive the author has to continue to write and publish.

However, relationships between owners and creators vary. In its submissions on the current Canadian copyright reform process, the Canadian Association of University Teachers noted that: "While the interests of creators and owners can sometimes coincide, in other instances they do not."⁶⁴ Fisher argues that in the music industry the traditional relationships between creators of musical works and recording companies do not necessarily translate high profits for copyright owners into stable revenue streams for artists.⁶⁵ Further, his argument suggests that the music industry's business model may actually limit the creation and dissemination of works, and the range and diversity of works created.⁶⁶ In such a context,

See also Goldstein's discussion of the emerging importance of rights *owners* in the wake of the development of print technology: Paul Goldstein, *Copyright's Highway: From Gutenberg to the Celestial Jukebox*, Revised Edition, (Stanford: Stanford University Press, 2003) at 31–33. Although the rhetoric used invoked the right of an author to the fruits of his labour, the economic reality was that of an industry struggling to enforce monopolies with a view to the economic bottom line.

64 Submissions of the Canadian Association of University Teachers (CAUT) on the Copyright Reform Process, September 14, 2001 <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp00333e.html>> [CAUT Submissions].

65 William W. Fisher III, *Promises to Keep: Technology, Law, and the Future of Entertainment* (Stanford: Stanford University Press, 2004) at 54–59.

66 Fisher makes this argument with respect to both the music and film industries in the United States. He notes that the drive in both industries to maximize

strong copyright protection may bolster the bottom line of certain industries, but may not serve the purpose of encouraging a broad and diverse musical culture.

Thus the interests of owners (in many cases, corporate or industry owners) are focused on a bottom line that is dependent both on strong copyright protection and on creators of content. However, the bottom line may depend more upon the ability to fully exploit a limited range of works than on the proliferation of a diverse body of works by a multiplicity of creators. While the interests of corporate owners are substantial, they are not necessarily aligned with the interests of a broader cross-section of creators.⁶⁷

This discussion is not intended to be comprehensive. The main point is that the interests of “creators” are not uniform, and that “creators” are not synonymous with “owners.” Not all creators are copyright owners, and those that are may remain owners only for a short period of time. Creators are also users of works. The ability to actually access and use other works may be central to their creative activity.

2) Users and Society

The public interest in the encouragement of creation and the wide dissemination of works presumably serves the interests of further creation and the growth of knowledge and culture. It thus assumes that *uses* of works will be in some way productive. As a result, the analytical focus is turned on “users” of works. Yet it is unfortunate that the word has become shorthand for the interests to be balanced against those of “creators.” This is a loaded term; the word “user” is often applied in a pejorative manner

returns by focusing attention on a limited range of high volume products has led to homogeneity in mainstream cultural products. See Fisher, *ibid.* at 80–81. A recent major OECD study notes that studies have shown “most musicians embrace the Internet as a creative workspace where they can collaborate and promote their works.” The report also notes that “artists are divided about the impact of unauthorized file-sharing on the music business.” Organization for Economic Co-operation and Development (OECD), Working Party on the Information Economy, Digital Broadband Content: Music, (OECD, June 8, 2005) at 11 <http://cyber.law.harvard.edu/digitalmedia/music_dsti_iccp_ie_2004_12_final_eng.pdf> [OECD Report].

67 The potential divergence of interests between creators and owners is also noted by Kerr *et al.*: Ian R. Kerr, Alana Maurushat, & Christian S. Tacit, “Technical Protection Measures: Tilting at Copyright’s Windmill” (2002–2003) 34 Ottawa L.R. 73 <www.commonlaw.uottawa.ca/faculty/prof/ikerr/CVArticles/Technological%20Protection%20Measures%20-%20Tilting%20at%20Copyrights%20Windmill.pdf> at para. 116.

in other contexts,⁶⁸ and suggests a one-sided, non-productive drain on resources. A great deal of media attention has lately been given to accusations by copyright owners (typically in the film and music industries) that those who copy or download their works from the Internet are pirates or thieves. In fact, much of the public discourse about copyright characterizes users of works as parasites, thieves, or pirates.⁶⁹ Although this is, in part, a rhetorical device used by industries to frame their case for robust copyright protection as strongly as possible, the rhetoric has had some persuasive effect.⁷⁰

Yet this is an impoverished and superficial view of both “users” and the uses they make of works. Current uses of digital works are not always parasitic — the line between users and creators can be blurred, where users are actually engaged in transformative behaviour. **A user who creates their own playlist has created a compilation that in and of itself is a “work.”** While their creative input is relatively minor compared to that of the artists whose works are featured in the list, and while copyright law does not excuse compilers from getting authorization for the works they include in their compilations,⁷¹ the point is that something original may have been added. The degree of creative input may vary depending on the type of use. Clearly, some uses of digital content do reflect original creative input, and where the boundaries between the rights of the competing “authors” may

68 The *Oxford English Dictionary* definition of “user” includes: “1.b. A person who takes narcotic, etc., drugs” and “3. A userer.” *Oxford English Dictionary*, 2nd Ed., Vol. XIX, (Oxford: Clarendon Press, 1989) at 357.

69 A quick glance at the website and press releases of the Recording Industry Association of America shows frequent references to file-sharing using the following terms: “piracy,” “illegal,” “abusers,” “quality of life crimes,” “music theft,” and so on. See online: Recording Industry Association of America: <www.riaa.com/default.asp>. The Canadian Recording Industry Association is more subdued in its rhetoric, but nonetheless refers to music downloading as “piracy,” notwithstanding the unresolved legal issues relating to music downloading in Canada. See, for example: Canadian Recording Industry Association, “News Release: Canadian recording industry welcomes music piracy decision,” online: <www.cria.ca/news/190505_n.php>.

70 Binnie J. in *SOCAN*, above note 1, at para. 131, stated, in referring to the s. 2.4(1) (b) exception for ISPs: “Parliament made a policy distinction between those who abuse the Internet to obtain “cheap music” and those who are part of the infrastructure of the Internet itself.” The comment seems to take as a given that file-sharers are engaged in abusive or unjust activity.

71 In *Robertson*, above note 45, part of the dispute centered around whether the defendant publisher had obtained sufficient permission from freelance authors to include their writings in an electronic database compilation.

be a matter of dispute, as they are in other media,⁷² it is not appropriate to dismiss all such efforts as parasitic.

It would also be a mistake to assume that all users share the same interests or even engage in the same kinds of activities. Certainly copyright legislation already draws distinctions between categories of users and kinds of uses. Specific exemptions are aimed at schools,⁷³ libraries,⁷⁴ and archives,⁷⁵ and the fair dealing provisions protect dealings with works only for specific purposes.⁷⁶ Similarly, in *CCH Canadian Ltd.*, the Supreme Court of Canada struggles to articulate a basis for distinguishing between different types of uses.⁷⁷ In the discussion which follows, I will divide uses of copyright protected works into four general categories, and discuss the characteristics of “users” with respect to each. The categories are consumption, transformation, access, and distribution.

a) Consumption

If stealing is one popular way of characterizing certain uses of copyright protected works, consumption is its flip-side. Many industry advocates view those who use the works they produce as consumers of those works. Consumers who do not pay for what they consume are thieves. On this

72 For example, in *Rogers v. Koons*, above note 50, the dispute was over the boundaries of authorship and fair use as between a photograph and a sculpture. In a recent article, Ann Bartow argues that the risk of litigation faced by creators who build on the works of others can be chilling of expression, and she argues that courts should be careful in how they determine whether “substantial taking” has occurred. See Ann Bartow, “Copyrights and Creative Copying,” (2003–2004) 1&2 Ottawa J. Law & Tech. 77.

73 *Copyright Act*, above note 6, ss. 29.4–30.

74 *Ibid.*, ss. 30.1–30.4.

75 *Ibid.*

76 *Ibid.*, ss. 29, 29.1 & 29.2.

77 McLachlin C.J., in setting out the test for fair dealing, suggests that some uses are likely to be more fair than others, depending on their purposes. For example, she states: “some dealings, even if for an allowable purpose, may be more or less fair than others; research done for commercial purposes may not be as fair as research done for charitable purposes.” (*CCH Canadian Ltd.* (SCC), above note 22 at para. 54). I am critical of this elsewhere because, in a statute where the allowable fair dealing purposes have already been set out in a very limited fashion, it seems inappropriate to further limit them by making distinctions on the basis of altruistic or non-altruistic purposes. (See Teresa Scassa, “Recalibrating Copyright Law? A Comment on the Supreme Court of Canada’s Decision in *CCH Canadian Ltd. v. Law Society of Upper Canada*,” (2004) 3 Canadian Journal of Law and Technology 89).

model, one either pays for one's ability to consume a work, or one steals it. In either event, the user's role is to passively consume works.

If users of copyright works are simply consumers of those works, then it is relatively easy to justify copyright reforms that strengthen the ability of copyright owners to prevent unauthorized uses. The argument is that the public interest is served by allowing consumers to consume cultural products, or by providing them with entertainment products which enhance their enjoyment of life. In this model, the user's desire to consume can generally be met by the market. This attitude or approach is reflected in certain exceptions already in the *Copyright Act*. For example, the need of disabled "consumers" of copyright works to have access to works in alternate formats can be met without copyright infringement so long as the market has not provided an alternate format version.⁷⁸ Once such a version is made commercially available, there is no longer any justification for an unauthorized reproduction to enhance access. The focus in such situations is on whether the market — whether the owners of copyright — can meet the need for consumption. If they can, there is no need to provide users with any exceptions from the basic rules of copyright. Provisions which enable collective management of copyright, as well as systems such as the private copying regime, all have as their basis this conception of the user as consumer, with the challenge of copyright law being how to ensure that the consumer has access to the work and that the "creator" is compensated for the consumer's uses of works.

b) Transformation

It is clear, however, that simple consumption is not an adequate description of the uses made of copyright works. The bitterness in academic circles over this pay-as-you go mentality imposed upon the educational system⁷⁹ is an illustration of the discontent with a model that views uses of works as simple consumption as opposed to serving some other social benefit such as education, the advancement of knowledge, or the fostering of the creation of new forms of work. Pay-as-you-go consumption models with unduly limited access (and cost is a limitation) can ultimately hamper social progress and development. Further, the user as consumer model ignores the fact that many uses of copyright protected works are transformative, resulting in new works. Thus uses may be production and not simply consumption.

⁷⁸ See *Copyright Act*, above note 6, s. 32(3).

⁷⁹ See, for example, *CAUT Submissions*, above note 64.

The existing fair dealing provisions of the *Copyright Act* arguably recognize transformative or value-added uses that go beyond mere consumption. However, these have long been criticized for the narrow way in which they are framed.⁸⁰ The law recognizes dealings with copyright works that are fair, and that are for one of a limited and specific set of purposes: criticism or commentary, news reporting, research, or private study.⁸¹ They do not address the difficult issues raised in the fields of both art and literature over the boundaries between a new work which references a previous work, and the previous work itself.⁸² They arguably also unduly limit or exclude more creative forms of criticism, such as parody.⁸³ In a context where copyright law has expanded to cover, for example, works such as fictional characters, they also do not address the relationship of iconic characters to the culture which has produced them.⁸⁴ That the law makes space for some transformative uses of copyright works is clear. A lively issue for debate, however, is whether these uses are sufficiently recognized, or whether the public interest in such uses has adequately been explored.⁸⁵

80 In *CCH Canadian Ltd.*, McLachlin C.J., for the unanimous Court, stated: "...these allowable purposes should not be given a restrictive interpretation or this could result in the undue restriction of users' rights." (*CCH Canadian Ltd.* (SCC), above note 22 at para. 54.)

81 *Copyright Act*, above note 6, ss. 29, 29.1, & 29.2.

82 *Rogers v. Koons*, above note 50; *Acuff-Rose*, above note 51.

83 **Parody can be present across various media and forms of creative expression.** For Canadian cases on parody, see: *Michelin*, above note 27; *British Columbia Automobile Assn. v. Office and Professional Employees' International Union, Local 378* 2001 BCSC 156 (CanLII), <www.canlii.org/bc/cas/bcsc/2001/2001bcsc156.html>, (2001), 10 C.P.R. (4th) 423 (F.C.T.D.); *Rotisseries St-Hubert Ltee v. Le Syndicat des Travailleurs(euses) de la Rotisserie St-Hubert De Drummondville (C.S.N.)* (1986), 17 C.P.R. (3d) 461 (Q.S.C.).

84 For example, I have argued elsewhere that the iconic power of corporate logos should be taken into account in considering the legitimacy of parodies of those logos. To limit the ability of critics to reference this power may be to unduly limit critical expression. See Teresa Scassa, "Intellectual Property on the Cyber-Picketline: A Comment on *British Columbia Automobile Assn. v. Office and Professional Employees' International Union, Local 378*," (2002) 39 *Alberta Law Review* 934 at 957.

85 **Fewer**, above note 9 at para. 46, argues that in the case of many transformative uses of works, the copyright owners may be unwilling to licence the use. In such contexts, he argues "the infringing author's interests in the copyright work encompass values at the core of freedom of expression. The copyright owner, conversely, is usually motivated by the impulse of the censor." Fewer argues that the constitutional value of freedom of expression (and the public interest associated with this value) are thus engaged. Randall notes, with respect to this form of creative activity: " 'Appropriation' appears to be neither theft,

c) Access

Another form of “use” that is becoming increasingly an issue in the digital environment is what I would call access. By access I mean something different from the ability to access a work so as to consume it. In using the term “access” what I refer to is the ability to have access to copyright works in the place, time, and modality of one’s choosing. In the classic *Sony Corporation of America v. Universal City Studios Inc.*,⁸⁶ this form of access, through the video-taping of television programming, was referred to as time-shifting. In *A & M Records, Inc. v. Napster, Inc.*,⁸⁷ it was argued that Internet file-sharing could be used so as to facilitate “space-shifting” by users. Consumers have long sought to make tape copies of music recordings which they own so that they can listen to those recordings on a Walkman or in their car. Currently, MP3 players and digital music files serve these so-called space-shifting needs. These uses could be characterized as another version of consumption, raising the same issues, and requiring the same solutions. However, they do raise questions about distinct public interests or benefits. The desire for increased flexibility in how to consume copyright works has been a boon for certain electronics industries, and it is arguable that this desire has fueled technological and economic development in the public interest. Beyond that, it has been argued that flexible modes of consumption have increased the variety and volume of consumption of works.⁸⁸ This may ultimately serve the interests of copyright owners; it most likely also serves the public interest. If consumption of cultural works is seen as producing social benefits, greater consumption should arguably produce greater benefits — especially when the technology also facilitates more selective consumption.⁸⁹

opportunism nor plagiarism; it is simply the inevitable consequence of the convergence of technology and ideology. As such it is seen by some to be a natural evolution only threatening those species already on the road to extinction.” (Randall, above note 49 at 262).

86 *Sony Corporation of America v. Universal City Studios Inc.*, 464 U.S. 417, <www.law.cornell.edu/copyright/cases/464_US_417.htm> 104 S.Ct. 774 (1984).

87 *A & M Records, Inc. v. Napster, Inc.*, 114 F. Supp. 2d 896 (N.D. Cal. 2000); <www.law.uh.edu/faculty/cjoyce/copyright/release10/AMRecords.html> 239 F.3d. 1004 (9th Cir. 2001).

88 *OECD Report*, above note 66 at 11.

89 Fisher explores how digital technologies and the Internet have given rise to an unprecedented ability for consumers to choose what cultural products they will consume, and where and how they will consume them. See Fisher, above note 65. See also *OECD Report*, *ibid.* at 85.

d) Distribution

The fourth category of use is distribution. The distribution of works, particularly over the Internet, has been a source of great concern to many copyright industries and creators. The Internet allows those who are in possession of digital copies of works to distribute them widely, inexpensively, and rapidly. This is seen as a significant threat to the economic viability of industries, and the ability of creators to obtain a reasonable revenue stream from their works.

These concerns are real and significant. There is much evidence that Internet distribution can significantly undercut the market for copyright works.⁹⁰ However, Internet distribution is not a simple negative to be limited or controlled. In some cases, the ability to distribute works over the Internet is actually seen as an opportunity for many different creators to achieve audiences for their works in contexts where there would have been no commercial market open to them through the traditional industry models.⁹¹ In such cases, it is not distribution over the Internet that is a problem, the problems lie with the level of control a creator (or owner) can have over such distribution.⁹²

Distribution over the Internet has been argued to be equivalent to sharing. The sharing of copyright protected works has always been largely legal. For example, a book purchased at a bookstore could legitimately be

90 For example, CRIA has argued that file-sharing has contributed to Canadian music industry losses of \$465 million over five years: (CRIA, "Facts about file-sharing" <www.cria.ca/flesharing.php> 2005). While there is debate about the actual number of lost sales that can be attributed to file-sharing, as opposed to other phenomena, it seems widely accepted that file-sharing has had some impact on music sales. See Fisher, above note 65 at 5–6. A recent comprehensive OECD study concludes that while there is "currently a considerable volume of copyright infringement that is taking place among users of peer-to-peer networking software," it is still difficult to determine whether there is a causal relationship between documented drops in music sales and file-sharing. *OECD Report*, above note 66 at 11.

91 Fisher, *ibid.* at 26.

92 Proponents of the addition of a "making available right" to the *Copyright Act* argue that this right, which would expressly give owners of copyright the right to make the work available in the digital environment. CRIA argues that such a right is fundamental to "the dissemination of music over digital networks and therefore for promoting the development of electronic commerce and of new business models by the recording industry." (*CRIA Submissions*, above note 34.) Others argue that the making available right is relatively trivial, as such rights are largely already protected by the current legislation. (See, for example, *CAUT Submissions*, above note 64).

shared with any number of friends without falling foul of copyright law. In fact, sharing in such contexts can serve the public interest by exposing more people to cultural works even where cost might otherwise be a barrier to access. It also fosters shared explorations of works, as where friends discuss a book that has been shared between them. Advocates of file-sharing have argued that the Internet has simply facilitated a more widespread form of sharing that serves similar public purposes,⁹³ although this view has also been strongly criticized.⁹⁴ Yet some argue that file-sharing can assist consumers of copyright works in making informed choices about consumption;⁹⁵ can foster criticism, debate, and discussion; and can enhance an individual's overall exposure to works of culture and knowledge.⁹⁶ While this should not all be done at the expense of creators of works, there is a strong argument that there is something here to put in the balance for the interests of society.

Prior to the advent of modern technologies of reproduction and distribution — particularly digitization and the Internet — “users” had implicit rights to share works protected by copyright. The concept that a copy of a work such as a book, once sold, could be shared by as many people as the purchaser chose, or, if placed in a library, could be read by a number of people limited only by the durability of the physical book was generally accepted. Further, the borrower or purchaser of a copy of a book could read all or parts of the book as many times as they chose; could underline or excise passages, and could write comments throughout if they chose. In this sense, it was accepted that consumers of works would have an unsupervised and unlimited form of access to the works. Digitization has given owners of copyright the power to develop models of production and distribution of works that can significantly limit the ways in which consumers interact with works. Where these models are supported by new copyright provisions (such as those relating to TPMs, for example) some would argue that the shift in the copyright balance is a quantum one.⁹⁷

93 For example, Lessig argues that one dimension of file-sharing is the age-old tradition of sharing works in one's possession. Lessig, above note 57 at 179.

94 Lessig goes on to note that when the sharing extends across the Internet, the analogy is defeated. *Ibid.*

95 For example, someone might download a musical work to see if it suits their tastes before committing to purchasing the work. Fisher, above note 65 at 25.

96 Lessig, above note 57 at 8. Fisher argues that online music distribution can also enhance cultural diversity. See Fisher, *ibid.* at 27–28. This point is also noted in the *OECD Report*, above note 66 at 12.

97 This concern is illustrated in the countless critiques that have been made of the TPM provisions of the *Digital Millennium Copyright Act*, Pub.L. No. 105-304,

As Van Houweling points out, more important than an explicit balancing mechanism or users' rights in copyright legislation has been "the simple fact of copyright's practical irrelevance to poorly financed creators."⁹⁸ Her point is that so long as it remained impractical to pursue creators without deep enough pockets to make an infringement suit worthwhile, creative uses of works could still be made around the margins of copyright legislation. In an era, however, where it is possible to encrypt and meter uses, and then to legislate to make it an offence to circumvent the encryption, these creative uses at the margins would be significantly curtailed.

e) The Public Interest

As noted earlier, beyond the interests of "users" of works lies the broader public interest. The public interest is a very difficult concept to pin down. It can be argued (and has been argued) that the more robust the copyright protection, the more likely it is that owners will widely distribute their works.⁹⁹ In this sense, strong copyright protection measures could be argued to best serve the public interest. However, this interest has also been linked to questions of access and use of works. The limited term of copyright protection and the idea/expression dichotomy are cited as examples of ways in which copyright law fosters a public domain. This concept of a public domain — of a robust public domain — is recognized and endorsed by the Supreme Court of Canada in *CCH Canadian Ltd.*¹⁰⁰ Thus it can be argued that the existence of a public domain is considered as an important part of the public interest served by copyright law, even though the size and shape of the public domain may vary from jurisdiction to jurisdiction, and from one legislative reform process to another.¹⁰¹ The concept of the public domain suggests a pool of concepts, themes, and works that can be

112 Stat. 2860 (codified, in relevant part at 17 U.S.C. §1201) (Supp. IV 1999) <www.copyright.gov/legislation/dmca.pdf>. See, for example, McLeod, above note 56 at 259–63; Fisher, above note 65 at 96–98; Lessig, *ibid.* at 160. Kerr *et al.* argue that it would be premature to legislate to offer further protection to TPMs at this point. They take the position that "until the market for digital content and the norms surrounding the use and circumvention of TPMs and their implications for that market become better known, it is simply premature to try to ascertain the appropriate practical legal response" (Kerr *et al.*, above note 67 at para. 254).

98 Molly Shaffer Van Houweling, "Distributive Values in Copyright" (2005) 83 Tex. L.Rev. 1535 at 1545.

99 CRIA, for example, argues that the making available right is crucial to the development of new industry business models. *CRIA Submissions*, above note 34.

100 Above note 22 at para. 23.

101 Wilkinson, above note 25 at 46.

freely drawn upon by those seeking to express their own ideas. The interests of copyright owners (not necessarily those of the creators of copyright works) are best served by a narrow public domain. The rights of creators, users, and society arguably lie with a more robust public domain.

D. CONCLUSIONS

In any process of copyright law reform, a major issue will be the extent to which proposed reforms affect existing balances with the legislation. The Supreme Court of Canada in *CCH Canadian Ltd.* makes it clear that in interpreting the *Copyright Act* it will adopt an approach to individual provisions that considers a more general balance to be struck between competing interests. Thus while the legislative reforms are important in expanding or contracting the economic rights of creators set out in the Act, there is some broader perspective from which courts have now been instructed to consider the interpretation of the law.

The challenge is, of course, in being able to identify and give due weight to the various interests, be they public or private. Past exercises in legislative drafting have left us with legislation that offers, at least in traditional media, robust protection to owners, and fairly narrowly constrained exceptions for free uses of copyright protected works. The challenge for the current copyright reform process is to address the perceived deficiencies in copyright protection in an Internet era, yet to also carve out adequate space for access to and use of copyright protected works.

At a time in history when the technologies by which works are created, reproduced, disseminated and accessed have so rapidly transformed the relationship of people to copyright works (whether as creators, users or both) it is crucially important that our understanding of concepts such as “creators,” “owners,” and “users” do not unduly limit the ways in which we conceive of the copyright balance in our society. Any exercise in balancing interests, whether through law reform or judicial interpretation, should be attentive to the substance, and not just the rhetoric, of the interests involved.

International Copyright Law:

W[h]ither User Rights?

Myra Tawfik

The only persons who would be benefited by perpetuity of literary property, would be the great publishing houses and corporations, and the dominion of capital would be extended into the intellectual world by a species of literary syndicates.¹

... limits to absolute protection are rightly set by the public interest.²

A. INTRODUCTION

In May 2004, the Standing Committee on Canadian Heritage released its Interim Report on Copyright Reform³ in which it made a series of recommendations for revision of the *Copyright Act*.⁴ The Report was an attempt to “modernize” Canadian copyright law in light of new digital technologies

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- 1 Samuel Edward Dawson, *Copyright in Books: An Inquiry into its Origin, and an Account of the Present State of the Law in Canada* (Montreal: Dawson Brothers, 1882) at 35.
 - 2 From the closing speech of Numa Droz, President of the 1884 Diplomatic Conference that led to the Berne Convention, as cited in Ricketson, S., *The Berne Convention for the Protection of Literary and Artistic Works: 1886–1986* (London: Centre for Commercial Law Studies, Queen Mary College, 1987).
 - 3 Canada, Standing Committee on Canadian Heritage, Interim Report on Copyright Reform (Ottawa: May 2004), <www.parl.gc.ca/InfocomDoc/Documents/37/3/parlbus/commbus/house/reports/herirp01/03-cov2-e.htm> [the Report].
 - 4 R.S.C. 1985, c. C-42, <<http://laws.justice.gc.ca/en/C-42>>.

and, both in tone and tenor, the Standing Committee adopted a vision of copyright reform very much steeped in a copyright industry perspective, thereby restricting to the point of nullifying permitted uses⁵ of copyright works in the digital environment.⁶

In one fell swoop, the Standing Committee would have Canadian copyright law transformed from remedial legislation designed to mediate between a number of legitimate and often overlapping interests, including the public interest in access to copyright works, to one in which the copyright holder's interests are paramount. This position seems to fly in the face of the recent pronouncements of the Supreme Court of Canada that remind policy-makers that:

The *Copyright Act* is usually presented as a balance between promoting the public interest in the encouragement and dissemination of works of the arts and intellect and obtaining a just reward for the creator.... The proper balance among these and other public policy objectives lies not only in recognizing the creator's rights but in giving due weight to their limited nature.⁷

The Standing Committee also appeared to have disregarded the Supreme Court's ruling that, under Canadian law, user rights, manifesting themselves in a range of legislated permitted uses, are to be accorded equal treatment to those of copyright holders.

The fair dealing exception, like other exceptions in the *Copyright Act*, is a user's right. In order to maintain the proper balance between the rights of a copyright owner and users' interests, it must not be interpreted restrictively. As Professor Vaver ... has explained ... : "User rights are not just loopholes. Both owner rights and user rights should therefore be given the fair and balanced reading that befits remedial legislation."⁸

5 The term "permitted use" will be used interchangeably with the term "limitations and exceptions" throughout this paper to encompass all restrictions on the copyright monopoly recognized under national and international law including "free uses" and compulsory licenses.

6 This is outlined in Recommendations 4–6 of the Report, above note 3.

7 *Théberge v. Galerie d'Art du Petit Champlain* 2002 SCC 34, <www.canlii.org/ca/cas/scc/2002/2002scc34.html> [2002] 2 S.C.R. 336 at paras. 30–31.

8 *CCH Canadian Ltd. v. Law Society of Upper Canada*, 2004 SCC 13, <www.canlii.org/ca/cas/scc/2004/2004scc13.html>, [2004] 1 S.C.R. 339 [CCH cited to S.C.R.] at para. 48.

In their response to the Report, the Ministers of Canadian Heritage and Industry Canada offered a more balanced approach to the critical copyright issues of the day.⁹ In promising that any amending legislation would address "... the Internet in a manner that appropriately balances the rights of copyright owners to control and benefit from the use of their creative works with the needs of users to have reasonable access to those works,"¹⁰ the Ministers' position appeared more in keeping with the recent decisions of the Supreme Court of Canada.¹¹

On June 20, 2005, the Ministers unveiled Bill C-60, *An Act to Amend the Copyright Act*.¹² The proposed legislation has already garnered much commentary and will likely be the subject of vigorous and polarized debate before it is passed.¹³ Although Bill C-60 addresses some aspects of permitted uses of digital copyright works, the proposals appear to be very limited in scope and so narrowly circumscribed as to render them virtually ineffectual from a user's standpoint.¹⁴ More importantly however, the

9 Canada, Industry Canada and Department of Canadian Heritage, *Government Statement on Proposals for Copyright Reform* (Ottawa: Industry Canada and Department of Canadian Heritage), <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rpo1142e.html>>.

10 *Ibid.*

11 As expressed in the recent trilogy of cases starting with *Théberge v. Galerie d'Art du Petit Champlain*, above note 7; followed by *CCH Canadian Ltd. v. Law Society of Upper Canada*, above note 9, with *SOCAN v. Canadian Association of Internet Providers*, 2004 SCC 45, <www.canlii.org/ca/cas/scc/2004/2004scc45.html>, [2004] 2 S.C.R. 427 following closely thereafter. In each of these copyright decisions, the Supreme Court of Canada made it clear that Canadian copyright law was not designed solely to serve the interests of copyright holders, but rather must balance a number of different interests including those of users of copyright works. The most important of its decisions in this regard was *CCH* as it dealt specifically with the question of "fair dealing" as a user right within the copyright system.

12 *An Act to amend the Copyright Act*, R.S.C. 2005, c. C-60, amending R.S.C. 1985, c. C-42, <www.parl.gc.ca/38/1/parlbus/chambus/house/bills/government/C-60/C-60_1/C-60_cover-E.html> [Bill C-60].

13 See for example, "Education Ministers Disappointed with Federal Copyright Legislation," Press Release, 21 June 2005, <www.cmec.ca/releases/press.en.stm?id=30>; "CIPPIC Questions Unbalanced Copyright Bill," Press Release, 20 June 2005, <www.cippic.ca/en/news/documents/Media_Release_-_Copyright_Bill_-_20_June_05_Final.pdf>; "Writers Support Collective Licensing in Digital Environment," <www.writersunion.ca/press/digital.htm>; "Music industry says draft law takes key steps to bring Canada into the digital age," Press Release, 20 June 2005, <www.cria.ca/news/200605_n.php>.

14 See sections 18–19 of Bill C-60, above note 12, that permits certain educational uses of digital works but subjects them to a number of onerous conditions. For

more general and contentious question of the proper breadth and scope of permitted uses in the digital age, particularly in relation to educational uses, has been left off the table for the moment to allow for further public consultation.¹⁵

In anticipation of these consultations and in the hope that Canadian policy-makers will seize that opportunity to more comprehensively address the entire question of user rights, it is important to dispel some of the assumptions upon which the Standing Committee based its recommendations. I am especially concerned about the way in which the Standing Committee interpreted Canada's international treaty obligations, as it reflects some pervasive misconceptions about the nature of international copyright law — misconceptions that are likely to recur if left unchallenged.

B. THE STANDING COMMITTEE'S VIEW OF CANADA'S INTERNATIONAL COPYRIGHT OBLIGATIONS

In the closing paragraphs of the Report, under the recommendation that educational institutions and libraries license directly with individual copyright holders for digital copies of interlibrary loan material, the Standing Committee cautioned:

Another point raised was that Canada must respect its obligations under international copyright and related rights treaties, such as the Berne and Rome Conventions, and under international trade agreements, namely the North American Free Trade Agreement (NAFTA) and the World Trade Organization (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). These agreements establish minimum standards of protection for intellectual property that are bolstered by strong dispute resolution mechanisms.

In addition to these agreements, the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT), concluded in December 1996, contain special provisions specifically designed to address the challenges posed to copyright by new tech-

commentary see, Michael Geist "Bill C-60 Puts the Padlock on Teachers and Librarians," *Toronto Star*, 27 June 2005, <www.thestar.com/NASApp/cs/ContentServer?pagename=thestar/Layout/Article_Type1&c=Article&cid=1119823809845&call_pageid=971794782442&col=971886476975>.

¹⁵ See "Government of Canada Introduces Bill to Amend the Copyright Act," <www.ic.gc.ca/cmb/welcomeic.nsf/o/85256a5d006b9720852570260064a852?OpenDocument>.

nologies in the digital environment. Both these treaties provide that exceptions to the rights set out in them be limited to certain special cases that do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the author.

Moreover, both the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty explicitly state that contracting parties shall provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by authors in connection with the exercise of their rights under the WIPO treaties or the Berne Convention and that restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law.¹⁶

These statements, left unexplained in the Report, appear almost as an afterthought, not clearly integrated into or, indeed, exclusive to the question of digital copyright in interlibrary loans. In fact, the exhortations regarding Canada's international obligations should not be so particularized. They are emblematic of the Standing Committee's overall attitude towards permitted uses of copyright works irrespective of the form these limitations ultimately take — either as “fair dealing” or as the series of specific exceptions contained in the *Copyright Act*.¹⁷

The combined effect of these assertions is to suggest that Canadian copyright law is deficient because it does not provide “minimum standards” of protection for copyright holders and is therefore vulnerable to sanctions under international trade rules. Further, the intimation is that certain types of limitations and exceptions, especially those that provide for “free uses”¹⁸ of digital versions of copyright works would not withstand

16 Above note 3 at 19–20.

17 See for example the comments of the Hon. John Harvard of the Standing Committee:

I think that we have been too quick in this country to say, oh, there's the library, there's the educational institution; they're good boys and girls, we have to give them some help. But sometimes we forget ... and it's the politician who very often is not prepared to go into the taxpayer's pocket for some extra stipend, saying instead, oh, in this case we'll pick on the producer, we'll pick on the creator. And I don't think that's very fair.

www.parl.gc.ca/committee/CommitteePublication.aspx?SourceId=81312.

18 The term “free uses” refers to those that enable users to access works without prior permission and without the payment of a royalty — in other words, “free” in the sense of being unfettered. The “fair dealing” exception is a form of “free use.” The Standing Committee's recommendations to adopt a licensing model for

international scrutiny especially under the *WIPO Treaties*¹⁹ because these treaties require enhanced protections for copyright holders with commensurate restrictions on users' rights. The Standing Committee conjured up the so-called three-step test²⁰ to justify its belief that the international legal order obliges Canada to legislate in an ever-increasing protectionist manner.

Nowhere in its deliberations did the Standing Committee consider Canada's international treaty obligations in light of those provisions specifically directed at the rights of individuals, including creators themselves, to access information and knowledge or to those designed to curb potential abuses resulting from excess control in the hands of copyright holders. While it is true that Canadian copyright policy is increasingly tied to a larger international context that necessarily constrains the way in which we approach copyright issues domestically, it is not correct to assume that

educational institutions and libraries effectively abrogate such "free uses" in the digital environment. This is a clear departure from existing law. As the Supreme Court of Canada asserted in relation to the interplay between fair dealing and licensing systems in *CCH*, above note 8, at para. 70:

The availability of a license is not relevant to deciding whether a dealing has been fair ... If a copyright owner were allowed to license people to use its work and then point to a person's decision not to obtain a license as proof that his or her dealings were not fair, this would extend the scope of the owner's monopoly ... in a manner that would not be consistent with the *Copyright Act's* balance between owner's rights and user's interests.

Unfortunately, the Standing Committee's apparent disregard for "fair dealing" even insinuated itself into the copyright permission notice at the front of the Report, above note 3, which reads: "The Speaker of the House hereby grants permission to reproduce this document, in whole or in part for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary." Uses of a work for private study, research, criticism, etc. are "fair dealing" uses for which permission would not be required.

19 *WIPO Copyright Treaty*, 20 December 1996, 36 I.L.M 65 (entered into force 6 March 2002), <www.wipo.int/clea/docs/en/wo/wo033en.htm> [WCT] and *WIPO Performances and Phonograms Treaty*, December 20, 1996, 36 I.L.M 76 (entered into force 20 May, 2002), <www.wipo.int/treaties/en/ip/wppt/trtdocs_wo034.html> [WPPT]. Reference to the *WIPO Treaties* in this paper shall mean the two treaties.

20 The Standing Committee refers to the obligation to ensure that exceptions to copyright rights be limited to "certain special cases that do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the author." This three-part test is quickly becoming the international standard for measuring copyright limitations and exceptions as shall be discussed more fully below.

Canada's international obligations preclude the recognition of user rights in the form of legislated limitations and exceptions.

I would suggest that the Standing Committee invoked international copyright law as a convenient excuse to advance the result it ultimately sought to achieve, and the ease with which it used the threat of an intractable international context to justify the adoption of a particular domestic policy outcome is particularly troubling. Frankly, Canadians are entitled to expect more from their policy-makers. The simple truth is that international copyright law affords greater flexibility in the formulation of domestic copyright policy than the Standing Committee would allow.

Firstly, the international copyright law system does not mandate or compel specific outcomes for domestic legislation nor does it require the international harmonization of laws. National legislatures retain a great measure of discretion in the way in which they interpret and implement their international copyright obligations.²¹

Secondly, international copyright law is more forgiving to users of copyright works than the Standing Committee would suggest. The various treaties that form the international copyright system all recognize that certain public interest considerations can legitimately override copyright rights. One of the threads that runs through these international instruments is a concern that, without appropriate safeguards, freedom of expression, the dissemination of information, and the advancement of knowledge through education and research would be compromised. In effect, the need to balance a number of different policy interests inheres within the international copyright system itself.

C. CANADA'S EXISTING INTERNATIONAL COPYRIGHT OBLIGATIONS

Canada's existing international copyright obligations can be found in two sets of international treaties: copyright and related rights treaties such as

21 On the diversity of national copyright laws within the international copyright system see J.A.L. Sterling, *World Copyright Law*, 2d ed. (London: Sweet & Maxwell, 2003). See as well, H. Patrick Glenn, "Harmony of Laws in the Americas" (2003) 34 U Miami Inter-Am L Rev 223 (diversity of laws within the international trade system is the optimal approach) and Myra J. Tawfik, "No Longer Living in Splendid Isolation: National Courts and the Internationalization of Intellectual Property" (publication forthcoming — draft manuscript at <<http://athena.uwindsor.ca/law/tawfik>>) (questioning the legitimacy of harmonization of judicial interpretation).

the *Berne Convention*²² and the *Rome Convention*²³ and international trade treaties such as *NAFTA*²⁴ and *WTO/TRIPS*.²⁵

The starting point for any discussion of international copyright law must begin with the *Berne Convention*, especially the last revision, the Paris text of 1971, to which Canada acceded in 1998. It is the *Berne Convention*, more than any other international treaty, that plays a crucial role in establishing the international copyright framework not only in its own right but also because its key substantive norms have been incorporated by reference into *NAFTA* and *WTO/TRIPS*.

The *Berne Convention* does not merely establish minimum standards for copyright protection; it also sets the parameters for permitted uses of copyright works. For example, the *Berne Convention* recognizes that certain types of works may be excluded from copyright protection entirely — such as legislative texts and other legal materials as well as news of the day.²⁶ The treaty also provides for a series of discretionary “free use” exceptions that allow for unfettered access to a copyright work. For example, Article 2*bis*(2) allows Member States to create an exception to the public communication right for the benefit of Press reporting, broadcasts, and other public communication of lectures, addresses, and similar works where the communication is for the purpose of providing information.

Similarly, Article 10(2) read with 10(3) allows for the use of literary or artistic works to the extent necessary for “illustration in publications, broadcasts or sound or visual recordings for the purposes of teaching” as

22 *Berne Convention for the Protection of Literary and Artistic Works*, 9 September 1886, as last revised at Paris on 24 July 1971, 1161 U.N.T.S. 30, <www.wipo.int/treaties/en/ip/berne/trtdocs_wo001.html> [*Berne Convention* or *Berne*].

23 *Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations*, 26 October 1961, 496 U.N.T.S. 43, <www.wipo.int/treaties/en/ip/rome/trtdocs_wo024.html> [*Rome Convention* or *Rome*].

24 *North American Free Trade Agreement Between the Government of Canada, the Government of Mexico and the Government of the United States*, 17 December 1992, Can. T.S. 1994 No. 2, 32 I.L.M. 289 (entered into force 1 January 1994), <www.nafta-sec-alena.org/DefaultSite/index_e.aspx?DetailID=78> [*NAFTA*].

25 *Agreement on Trade Related Aspects of Intellectual Property Rights*, 15 April 1994, *Marrakesh Agreement Establishing the World Trade Organization*, Annex 1C, 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994), <www.wto.org/english/tratop_e/trips_e/t_agmo_e.htm> [*WTO/TRIPS*].

26 See Articles 2(4), 2(8), & 2*bis*(1). Sam Ricketson refers to these provisions as true limitations to copyright. See “WIPO Study on Limitations and Exceptions of Copyright and Related Rights in the Digital Environment,” Report for the Standing Committee on Copyright and Related Rights, 9th Session, SCCR/9/7 (2003), <www.wipo.int/documents/en/meetings/2003/sccr/pdf/sccr_9_7.pdf>.

long as such use is fair and the source is attributed. The *Berne Convention* also recognizes that, in certain situations, the right of an individual to use a work for private, non-commercial, purposes should be permissible.²⁷

Berne also provides for one non-discretionary measure; namely, the right to quote short passages of published copyright works with attribution "... provided that their making is compatible with fair practice, and their extent does not exceed that justified by the purpose...."²⁸ The mandatory nature of this provision underscores the importance of this act of intellectual self-expression for "users" of copyright works.

Finally, *Berne* allows for compulsory licenses in certain specific cases permitting the work to be used without prior authorization but upon the payment of a royalty. These include exceptions to the exclusive rights of broadcast or public communication and in respect of the making of a new sound recording of a musical work.²⁹

The *Berne Convention* also contains one particular provision that has been the focus of much attention in recent international copyright developments. Article 9(2) provides an overarching formula for measuring the legitimacy of any restriction on the copyright holder's right of reproduction.

Article 9(2):

It shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author.

This provision has provided the model for the now ubiquitous three-step test that has been incorporated into all subsequent trade and copyright treaties. Its incarnation in the *WTO/TRIPS* and under the *WIPO Treaties* will be discussed in more detail later in this paper.

Like *Berne*, the 1961 *Rome Convention*, to which Canada acceded in 1998, sets out not only the rights of performers, producers of phonograms, and

27 In respect of the right of reproduction, Article 9(2) of *Berne* is invoked. Further, *Berne* limits other copyright rights to those performed or communicated in public such that private communications would not infringe. See Articles 11(1), 11bis(1), 11ter(1), 14(1)(ii), & 14bis(1). See also Ricketson, above note 2, and Martin Senftleben, *Copyright Limitations and the Three-Step Test* (The Hague: Kluwer Law International, 2004).

28 Article 10(1) of *Berne*.

29 *Ibid.* For example, see article 11bis(2) read with (3) and article 13.

broadcasters but also provides for limitations and exceptions to those rights for the same public policy objectives that motivated their inclusion within the *Berne Convention*. Article 15(1) of the treaty allows Member States to provide for restrictions for private study, news reporting, teaching, and scientific research. More generally, Article 15(2) permits the same limitations and exceptions to neighbouring rights as are provided for copyright rights.³⁰ Further, there is no restriction on the form that these limitations and exceptions may take, except in the case of compulsory licenses, which are fixed under the terms of the treaty itself.³¹

In sum, contrary the assertions of the Standing Committee, the *Berne* and *Rome Conventions* are not limited to establishing the normative standards for copyright rights. Rather, they recognize the need to provide for the rights of users to access copyright works in the form of allowable limitations and exceptions and they allow latitude on the part of domestic policy-makers to enact copyright laws to suit their particular national interests.

Does the international trade system especially under the pre-eminent multilateral WTO/TRIPS affect this international copyright context?³² It is true that, under WTO/TRIPS, the copyright standards established under

30 Above note 23 — Article 15:1:

Any Contracting State may, in its domestic laws and regulations, provide for exceptions to the protection guaranteed by this Convention as regards:

- (a) private use;
- (b) use of short excerpts in connection with the reporting of current events;
- (c) ephemeral fixation by a broadcasting organisation by means of its own facilities and for its own broadcasts;
- (d) use solely for the purposes of teaching or scientific research.

Article 15:2:

Irrespective of paragraph 1 of this Article, any Contracting State may, in its domestic laws and regulations, provide for the same kinds of limitations with regard to the protection of performers, producers of phonograms and broadcasting organisations, as it provides for, in its domestic laws and regulations, in connexion with the protection of copyright in literary and artistic works. However, compulsory licences may be provided for only to the extent to which they are compatible with this Convention.

31 Articles 7:2(2), 12, & 13(d) of the *Rome Convention*.

32 For the sake of brevity, I will limit my discussion of limitations and exceptions as they appear under the *WTO/TRIPS*. Given that the copyright provisions contained in Chapter 17 of the *NAFTA* mirror very closely the later *WTO/TRIPS* agreement, there is effectively no difference between the two at least insofar as they touch on the issues under discussion in this paper.

Berne and *Rome* have become fully enforceable³³ and there is no question that this enforceability has had a significant impact in shaping domestic copyright law. There is also no doubt that the international trade system, premised as it is upon a belief that the stronger the intellectual property rights, the greater the economic return, has sparked the trend towards a progressive strengthening and deepening of copyright rights. But, as Professor Pamela Samuelson reminds us:

The true mission of TRIPs is not to raise levels of intellectual property protection to ever higher and higher planes, as some rightholders might wish, but to encourage countries to adopt intellectual property policies that promote their national interests in a way that will promote free trade and sustainable innovation on an international scale.³⁴

In fact, *WTO/TRIPS* expressly recognizes the need to mitigate against the harms that a maximalist view of copyright rights can engender. Thus, the Preamble to *WTO/TRIPS* recognizes “the underlying public policy objectives of national systems ... including developmental and technical objectives.” Article 7 of *WTO/TRIPS* cautions that intellectual property rights should “contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations.” Further, Article 8 stresses that “appropriate measures ... may be needed to prevent the abuse of intellectual property rights by right holders” These often-overlooked provisions make it clear that international copyright law does not merely serve the interests of copyright holders and that domestic policy-makers retain the ability to craft copyright legislation to take into account the need for balance.

In terms of substantive copyright standards, the *WTO/TRIPS* agreement takes a “*Berne-plus*” approach to international copyright rights by incorporating by reference the norms contained in Articles 1–21 of the *Berne Convention*.³⁵ As has been seen, these norms are not limited to setting out

33 See *Understanding on Rules and Procedures Governing Settlement of Disputes*, 15 April 1994, *WTO Agreement*, Annex 2, 1869 U.N.T.S. 401, 33 I.L.M. 1226 (1994).

34 Pamela Samuelson, “Challenges for the World Intellectual Property Organization and the Trade-Related Intellectual Property Rights Council in Regulating Intellectual Property Rights in the Information Age” [1999] 21(11) *EIPR* 578 at 591.

35 Article 9(1). However, moral rights under Article 6bis of *Berne* are excluded from *WTO/TRIPS*.

the rights of copyright holders but also include the various allowable limitations and exceptions to those rights that have been discussed above.

WTO/TRIPS has, however, expanded the three-step test first articulated in Article 9(2) of the *Berne Convention*:

Article 13: Limitations and Exceptions: Members shall confine limitations or exceptions to the exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder.

Not limited to restrictions on the reproduction right, Article 13 of WTO/TRIPS has been interpreted as the overarching normative standard from which to evaluate all limitations and exceptions that curtail rights conferred under the *Berne Convention* and WTO/TRIPS.³⁶ Its scope has been the subject of much discussion and commentary, including having been at issue in a recent WTO Dispute Panel decision.³⁷ Although the test is emerging as the pre-eminent measure for assessing limitations and exceptions and has found its way from *Berne* to WTO/TRIPS as well as to the *WIPO Treaties*, its interpretation is still evolving.³⁸

While there remains uncertainty about the contours of this test, at least one aspect seems clear: the three-step test does not undermine the discretion enjoyed by national legislatures to enact limitations and exceptions so long as they remain consistent with the *Berne Convention* and conform to the objectives the test was formulated to achieve.³⁹ More specifically,

36 It has been suggested that Article 13 should be read as applying only to the right created under WTO/TRIPS itself; namely, the rental right for software and certain films. The prevailing view is that it should not be so restricted and that it is applicable to the substantive rights conferred under *Berne* as well. See, for example, WTO, *United States — s. 110(5) of the US Copyright Act: Report of the Panel*, 15 June 2000, WTO Doc. WT/DS160/R, <www.wto.org/english/tratop_e/dispu_e/1234da.pdf>, and Senftleben, above note 27.

37 See Panel decision, above note 36.

38 A full analysis of the three-step test is well beyond the scope of this paper. See Senftleben, above note 27, for a detailed exploration of this subject matter. See as well the studies conducted by Sam Ricketson, above note 26, and “The Three-Step Test, Deemed Quantities, Libraries and Closed Exceptions: Advice prepared for the Centre for Copyright Studies” (Australia: Centre for Copyright Studies Ltd., December 2002), <<http://www.copyright.com.au/reports%20&%20papers/CCS0202Berne.pdf>>. More generally, see Daniel Gervais, *The TRIPS Agreement: Drafting History and Analysis*, 2^d ed. (London: Sweet & Maxwell, 2003).

39 See Panel decision, above note 36, and Tyler Newby, “What’s Fair Here is Not Fair Everywhere: Does the American Fair Use Doctrine Violate International

the test does not prevent countries from introducing “free use” limitations and exceptions, nor does it require further restrictions on existing permitted use formulations.⁴⁰

Therefore, Canada’s existing international copyright and international trade obligations do not require even greater restrictions on copyright limitations and exceptions than those already contained within the *Copyright Act*, which has already been amended to take these instruments into account. Truth be told, it was not really Canada’s existing obligations that were at issue in the Report. Rather, it was with a view to ensuring the ratification of the *WIPO Treaties* that the Standing Committee issued its not-so-subtle warning about the dire consequences to Canada should it fail to provide “adequate protection and effective legal remedies” in the digital environment.

D. CANADA’S OBLIGATIONS UNDER THE *WIPO TREATIES*

The *WIPO Treaties* — the so-called “Internet Treaties” — are special agreements under Article 20 of the *Berne Convention*⁴¹ designed to address the impact of digital technologies on copyright holders. Although Canada has signed the treaties, it has yet to ratify them and the first recommendation of the Standing Committee urged that Canada do so “immediately.” Its penultimate recommendation was emphatic about the need to correct the perceived deficiencies in the *Copyright Act*:

Copyright Law?” (1999) 51 *Stanford L. Rev.* 1633. See more generally, Senftleben, above note 27; Myra J. Tawfik, “Is *WTO/TRIPS* User Friendly? Report prepared for the International Trade Treaties Committee of the Canadian Library Association,” January 2005, <www.cla.ca/resources/tawfik_final_report.pdf>.

40 See Senftleben above note 27 at 237: “The three-step test ... has always been understood to offer the possibility of setting limits to exclusive rights without remunerating the authors.”

41 The *WIPO Treaties* are expressly deemed to be connected to the *Berne Convention* and are expressly not “connected to” any other treaty including *WTO/TRIPS* (see for example, Article 1(1) of the *WCT*). What this means in effect is that the *WIPO Treaty* obligations are not subject to the binding dispute resolution process found under *WTO/TRIPS* and so, contrary to what the Report implies, the threat of a *WTO* challenge for non-compliance would not exist at present. That said, it is likely that these treaties will eventually be incorporated into a next round of *WTO/TRIPS* negotiations, whenever that might take place. See in this regard M. Ficsor, *The Law of Copyright and the Internet* (Oxford: Oxford University Press, 2002) and Gervais, above note 38.

The Committee urges the Government of Canada to take immediate and decisive action on the issues raised in this report. The Committee is convinced that the modernization of Canadian copyright law is of the utmost importance; consequently, it sees it as essential that the federal government work in partnership with Parliament to ensure that all necessary legislative changes to the *Copyright Act* are made immediately.⁴²

Indeed, considerable pressure has been brought to bear on Canada not only to ratify the *WIPO Treaties* quickly but also to implement them in a particular way. This pressure has been greatest from certain sectors of the copyright industry, both domestic⁴³ and foreign.⁴⁴ Not surprisingly, Canada has been placed on the United States Trade Representative's Special 301 Watch List for its failure to bring its copyright law into conformity with the *WIPO Treaties*. Speaking on behalf of the US copyright industry, the USTR also magnanimously offered the desirable model for the implementation of these treaties:

We urge Canada to ratify and implement the WIPO Internet Treaties as soon as possible, and to reform its copyright law so that it provides adequate and effective protection of copyrighted works in the digital environment The United States urges Canada to adopt legislation that is consistent with the WIPO Internet Treaties and is in line with the international standards of most developed countries. Specifi-

42 The Report, above note 3.

43 Among the most vocal has been the Canadian Recording Industry Association, concerned about online music file sharing. See <www.cria.ca/wipo.php>.

44 Regrettably, Canada's entire copyright history is characterized by pressure from the outside, most notably from its more powerful neighbour to the South. Very early on in, in 1895, the Copyright Association of Canada understood that the US would exert a profound influence on the way in which Canadian copyright law would be shaped: "... the geographical position of Canada, side by side with the United States ought not to be overlooked. This fact makes Canada's position very different indeed from that of any other British colony." The Copyright Association of Canada, "Statement issued on the Canadian *Copyright Act 1889*" (Toronto: Copyright Association of Canada, 1895). Nearly 100 years later, a similar sentiment was expressed by A. A. Keyes "What is Canada's International Copyright Policy" (1993) 7 IPJ 299 at 306:

While it is manifest that the interests of Canada lie in minimizing the outflow of copyright royalties and maximizing inflow, the lack of an expressed policy could mean that copyright legislation is being used to pursue other equally undisclosed policy goals. It is significant that in all this the United States plays a dominant, if not always visible, role.

cally, we encourage Canada to join the strong international consensus by adopting copyright legislation that provides comprehensive protection to copyrighted works in the digital environment, by outlawing trafficking in devices to circumvent technological protection measures, and by establishing a “notice-and-takedown” system to encourage cooperation by ISPs in combating online infringements.⁴⁵

To hear it stated by the USTR, the copyright industries and by the Standing Committee itself one would assume that the *WIPO Treaties* focus exclusively on strengthening copyright holders’ rights. Do the *WIPO Treaties* really relegate user rights to oblivion? Of course not. These international conventions contain similar safeguards for users of copyright works as the other treaties outlined above.⁴⁶

In fact, the Preambles to the *WIPO Treaties* go farther than *WTO/TRIPS* in emphasizing the need for balance within the copyright system:

Recognizing the need to maintain a balance between the rights of authors and the larger public interest, particularly education, research and access to information, as reflected in the *Berne Convention*.⁴⁷

Further, in the preparatory statements to the 1996 WIPO Diplomatic Conference that led to the *WIPO Treaties*, it was stated:

When a high level of protection is proposed, there is reason to balance such protection against other important values in society. Among these values are the interests of education, scientific research, the need of the general public for information to be available in libraries and the interests of persons with a handicap that prevents them from using ordinary sources of information.⁴⁸

45 United States, Office of the United States Trade Representative, 2005 *Special 301 Report*, <www.ustr.gov/Document_Library/Reports_Publications/2005/2005_Special_301/Section_Index.html> at 37.

46 For discussion of the negotiations regarding limitations and exceptions under the *WIPO Treaties* see Senftleben, above note 27, and on the influence of the United States in shaping the treaties see Pamela Samuelson, “The US Digital Agenda at WIPO” (1996) 37 *Va. J. Intl. L.* 369, <www.sims.berkeley.edu/~pam/courses/cyberlaw97/docs/wipo.pdf>.

47 Preamble of the *WCT*, above note 19. The Preamble to the *WPPT*, above note 19, is framed in a similar manner: “Recognizing the need to maintain a balance between the rights of performers and producers of phonograms and the larger public interest, particularly education, research and access to information.”

48 *WIPO, Diplomatic Conference on Certain Copyright and Neighboring Rights Questions: Basic Proposal for the Substantive Provisions of the Treaty on Certain Ques-*

Finally, the *WIPO Treaties* each contain their own iterations of the three-step test, found in Article 10 of the *WCT* and Article 14 of the *WPPT*. According to the agreed statement on Article 10 of the *WCT*:

It is understood that the provisions of Article 10 permit Contracting Parties to carry forward and appropriately extend into the digital environment limitations and exceptions in their national laws which have been considered acceptable under the *Berne Convention*. Similarly, these provisions should be understood to permit Contracting Parties to devise new exceptions and limitations that are appropriate in the digital network environment.

It is understood that Article 10(2) neither reduces nor extends the scope of applicability of the limitations and exceptions permitted by the *Berne Convention*.⁴⁹

This statement makes it clear that existing limitations and exceptions can be extended into the digital world and that Member States can fashion new limitations and exceptions for the networked environment as long as they remain consistent with the *Berne Convention*. In effect, the *WIPO Treaties* form part of and are informed by the entire network of treaties that have set the international framework for both copyright rights *and* their limitations and exceptions.⁵⁰ Nowhere within this broad international legal order is it suggested that Canada adopt a particular international model for permitted uses in the digital environment or that it curtail them altogether. In other words, there exists a range of possibilities available to Canadian policy-makers in enacting copyright limitations

tions Concerning the Protection of Literary and Artistic Works to be Considered by the Diplomatic Conference (held 2–20 December 1996), WIPO Doc. CRNR/DC/4 (1996) <www.wipo.int/documents/en/diplconf/pdf/4dc_e.pdf>, at para. 12.09.

49 *Agreed Statements concerning the WIPO Copyright Treaty*, 20 December 1996, 36 I.L.M. 65 <www.wipo.int/treaties/en/ip/wct/statements.html>.

50 *United States — s. 110(5) of the US Copyright Act: Report of the Panel*, above note 36 at para. 6.70, referred to the *WIPO Treaties* as part of the “overall framework for multilateral copyright protection” and stated that “[t]he *WCT* is designed to be compatible with this framework, incorporating or using much of the language of the *Berne Convention* and the *TRIPS* agreement [I]t is relevant to seek contextual guidance also in the *WCT* when developing interpretations that avoid conflicts with this overall framework, except where these treaties explicitly contain different obligations.”

and exceptions under the *WIPO Treaties* consistent with the overall public interest purposes these restrictions are designed to serve.⁵¹

One recent example of the interpretation of the contours of the three-step test is instructive, emanating as it does from a jurisdiction generally regarded as more “creator-centric” in its copyright tradition than Canada. It serves to dispel any assumption that, as a matter of principles, the *WIPO Treaties* oblige Member States to restrict the scope of copyright limitations and exceptions.

In the decision of the French Court of Appeal in *Stéphane F et L’Union Fédérale des Consommateurs-Que Choisir v. Société Universal Pictures Vidéo France*,⁵² the court held that the reproduction of a recorded work for per-

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- 51 A recent WIPO survey in relation to the *WIPO Treaties* is interesting in this regard as it demonstrates the diversity in the way in which Member States have implemented their treaty obligations, especially in relation to permitted uses. In canvassing the laws of those countries that had ratified the treaties by 2003, it was reported that:

The section on *exceptions and limitations* is the largest single section in the survey; every law surveyed contains provisions on exceptions and limitations. The following exceptions and limitations appear: personal or private use; educational use; use by libraries and archives; making of ephemeral copies by broadcasters; making of anthologies and certain databases; use of a computer program as an adjunct to another legitimate activity; government use; use in court and parliamentary proceedings; use for scientific research; use in conjunction with reporting public affairs and current events; decompilation of computer programs; temporary reproduction; secondary transmissions, such as by cable systems or hotels; reproductions for testing equipment; reproduction for purposes of time shifting; fair use and fair dealing; public display; reproductions in the form of depicting completed buildings and structures; uses for religious and spiritual purposes; uses by handicapped persons; and reproductions and non-voluntary licenses for recording of musical compositions. One law reviewed contains provisions which specify that exceptions and limitations should have no effect on moral rights, while two laws reviewed contain provisions that exceptions and limitations shall have no effect on technological measures of protection.

WIPO, *World Intellectual Property Organization Standing Committee on Copyright and Related Rights: Survey on Implementation of Provisions of WCT and WPPT*, SCCR/9/6 (2003), 9th Sess., <www.wipo.int/documents/en/meetings/2003/sccr/pdf/sccr_9_6.pdf> at 3-4.

- 52 Cour d’appel, Paris, 22 Avril 2005, 4ème Chambre 04/14933, <www.juriscom.net/documents/caparis20050422.pdf>. As a result of this decision, a class action suit against major DVD distributors has been launched by a group of French lawyers claiming that technological protection measures infringe the rights of consumers to make a private copy of their DVDs. See <www.classaction.fr/actions/action1/assignation-cp.pdf>.

sonal use within a family circle was not an infringement of copyright. The right to make a private copy was construed to capture the making of a VHS copy of a lawfully purchased film on DVD for viewing with the purchaser's mother who did not reside with him.

In applying the relevant provision of French copyright law,⁵³ the Court assessed the use in question in light of France's international obligations under the three-step test as enunciated in Article 9(2) of *Berne*:

... il n'est pas expliqué en quoi l'existence d'une copie privée, qui, en son principe et en l'absence de dévoiement reprehensible, ne fait pas échec à une exploitation commerciale normale, caractérise l'atteinte illégitime... l'impossibilité de réaliser une copie n'impliquant pas nécessairement pour le consommateur une nouvelle acquisition du même produit ...

Considérant qu'il n'est pas davantage démontré que l'exception de copie privée aurait été, en l'espèce, à l'origine d'un préjudice injustifié causé aux intérêts légitimes des titulaires de droit; qu'en effect, d'une part, M. F n'a pas outrepassé l'exception de copie privée, le projet de copie étant effectué par lui-même, pour être utilisé, certes à l'extérieur de son domicile, mais dans un cercle familial restreint, d'autre part, en acquérant ce DVD M. F a, au mois pour partie, payé la rémunération destinée aux auteurs en contre-partie de l'éventuelle reproduction. ...⁵⁴

In the Court's view, such a private copy did not impede the normal commercial exploitation of the work and did not unreasonably prejudice the interests of the copyright holder. As such, the technological anti-circumvention measures that prevented the individual from exercising his right to make a private copy were unlawful.

Although France has not yet implemented the EU Directive on *Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society*,⁵⁵ designed to permit EU Member States to accede to the *WIPO*

53 The relevant provision of France's *Code de la propriété intellectuelle*, Art. 123(8) C.P.I., <www.celog.fr/cpi>, is Article L122-5 (2):

Lorsque l'oeuvre a été divulguée, l'auteur ne peut interdire:

2. *Les copies ou reproductions strictement réservées à l'usage privé du copiste et non destinées à une utilisation collective*

54 Above note 52 at 14.

55 Directive 2001/29/EC of the European Parliament and the Council of 22 May 2001 on the Harmonization of Certain Aspects of Copyright and Related Rights in the Information Society (2001), L 167/10, <http://europa.eu.int/information_society/eeurope/2005/all_about/digital_rights_man/doc/directive_copyright_en.pdf>.

Treaties, the French Court of Appeal did consider the extent to which France's private copying provisions were compatible with the "Internet Treaties." In this regard, the Court held that the domestic legislation was consistent with the Directive in that the latter expressly permitted private copying so long as the copyright holders received equitable compensation, which, under French law, took the form of a levy on black audio-visual recording media.

Considérant que la loi interne n'est pas en contradiction avec la directive 2001/29/CE ... qui dans son considérant 31, met l'accent sur la nécessité de maintenir un juste équilibre en matière de droits et d'intérêts entre les différentes catégories de titulaires de droits ainsi qu'entre celles-ci et les utilisateurs d'objets protégés et qui, par l'article 5-2b) laisse aux Etats membres le soin de prévoir une exception au droit de reproduction "lorsqu'il s'agit de reproductions effectuées sur tout support par une personne physique, pour un usage privé et à des fins non directement ou indirectement commerciales, à condition que les titulaires de droits perçoivent une compensation équitable; qu'ainsi, l'exception de copie privée est toujours possible en droit interne."⁵⁶

The French Court of Appeal stressed not only the need to ensure a "just equilibrium" between copyright holders and users in a digital environment but also emphasized the discretion that continues to exist for national legislatures to fashion copyright exceptions that suit their own individualized copyright contexts. Canadian policy-makers would do well to take note.

E. CONCLUSION

It is likely that the debate over copyright limitations and exceptions will continue to be contentious both at the national and international levels. To date, copyright holders have been very successful in pressing for a view of copyright that advances their own specific interests and undermines the legitimacy of any limitations on their rights. It is imperative that Canadian policy-makers not automatically conflate these right-holder interests with the public interest. They must also not make quick and superficial assumptions about Canada's international copyright obligations for, in so doing, they risk defining national policy in a manner that may not only be contrary to domestic interests but which is not at all necessitated by the

⁵⁶ Above note 52 at 13.

international copyright system itself. It was in this respect that the Standing Committee failed so grievously in its mandate.

As has been seen, nothing in the texts of any of the international treaties or in their interpretation ought to lead Canadian policy-makers to the conclusion that their international obligations, including those under the Internet Treaties, require them to eviscerate user rights. What possible justification could there be for advancing a domestic copyright policy that is more restrictive than what the international copyright system would permit? If policy-makers place further restrictions on user rights than those already imposed under the *Copyright Act*, it is much less about Canada's international obligations than it is about placating special interests.

It is true that Canadian domestic law is increasingly informed by international considerations and, in truth, by international constraints. However, raising the spectre of a violation of Canada's international obligations in order to adopt a position that favours one set of copyright interests over other equally compelling ones is both spurious and duplicitous. There is greater scope to manoeuvre under the international system than the Standing Committee would have us believe.

It is incumbent upon Canadian policy-makers to fashion legislation that genuinely reflects the society in which Canadians want to live — one that not only respects the rights of creators to benefit from their works but also allows individuals their right to freedom of expression, to pursue their educational and research aspirations, and to contribute to the advancement of knowledge free from unreasonable fetters: in other words, the very aims that international copyright law, through its system of limitations and exceptions, seeks to uphold. To do otherwise — to shrug one's shoulders as if to say “we are powerless in the face of our international obligations” — is disingenuous and does all Canadians, including “creators” and “users,” a great disservice.

PART TWO:

Bill C-60: A Closer Analysis

Constitutional Jurisdiction Over Paracopyright Laws

Jeremy F. deBeer*

A. INTRODUCTION

In response to evolving social, technological, economic, and cultural environments, the Government of Canada has been engaged in a decades-long overhaul of copyright law. In the reform process, the need to balance the rights and interests of all stakeholders is obvious. Some aspects of copyright reform, however, are less obvious. As copyright expands incrementally we risk moving away from core organizing principles that underpin the system. Not only is this unwise from a policy perspective, it is quite possibly unconstitutional.

The purpose of this paper is to determine whether Parliament is constitutionally competent to enact new laws in respect of technological protection measures (TPMs) and/or rights management information (RMI) systems for digital materials. In this context, digital materials include mainly pop culture products such as music, movies, books, games, and software, whether in electronic form or encoded on CDs, DVDs, or other tangible media. Laws protecting the technological and informational tools that protect these digital materials are sometimes called “paracopyright” provisions because

* The Author wishes to thank the University of Ottawa and the Faculty of Law for funding this research through an Initiation of Research-New Direction Research Grant, and Daphne Gilbert, Stewart Elgie, Ian Kerr, Jane Bailey, Jennifer Chandler, Michael Geist, Guy Régimbald, and an anonymous peer for their

they introduce a new layer of legal protection, above those already afforded by traditional copyrights and technological measures themselves.

The *Constitution Act, 1867* gives Parliament the authority to legislate, among other things, in respect of "Copyrights."² Until now, it seems to have been taken for granted that the federal Government can and will include paracopyright provisions in amendments to the *Copyright Act*³ through Bill C-60, *An Act to Amend the Copyright Act*,⁴ and do so pursuant to its jurisdiction under the Copyrights clause. But the Constitution also empowers the Provinces to make laws in respect of Property and Civil Rights.⁵ Although paracopyright provisions are in a way connected to copyrights, they simultaneously implicate issues typically reserved for provincial legislators, such as contractual obligations, consumer protection, e-commerce, and the regulation of classic property.

It is tempting to suggest that the easy solution to the constitutional dilemma is to prohibit circumvention and/or tampering only for the purpose of infringing copyrights. Since this is just what the Government intends to do, one might argue that there is no real constitutional issue here. That, however, would underestimate the nature of the problem. The key issue is not whether the provisions reflect the scope of the *Copyright Act* in its present form, but whether they are in pith and substance a mat-

helpful comments on my ideas, and Scott Lucyk and Barry Steinman for their outstanding assistance with this paper.

- 1 See for example David Nimmer, "Puzzles of the Digital Millennium Copyright Act" (1998-1999) 46 J. Copyr Soc'y U.S.A. 401 at 405; Michael J. Remington, "The Ever-Whirling Cycle of Change: Copyright and Cyberspace" (2002) 3:2 N. C. J. L. & Tech. 213 at 238-241; Dan L. Burk, "Anti-Circumvention Misuse," (2003) 50 UCLA L. Rev. 1095; Kimberlee Weatherall, "On Technology Locks and the Proper Scope of Digital Copyright Laws — Sony in the High Court" (2004) 26:4 Sydney L. Rev. 613 at 615. Peter Jaszi has also used the terms "pseudocopyright" and "metacopyright" to describe similarly new rights: see Peter Jaszi, "Is This the End of Copyright as We Know It?" Address to Nordinfo Conference, 9-10 October 1997, in Stockholm, Sweden; Nordiskt Forum för bibliotekschefer 58-67 (NORDINFO 1998).
- 2 *Constitution Act, 1867*, <http://laws.justice.gc.ca/en/const/c1867_e.html#distribution>, s. 91(23).
- 3 *Copyright Act*, R.S.C. 1985, c. C-42, <<http://laws.justice.gc.ca/en/C-42/index.html>>.
- 4 First Reading, 20 June 2005, <www.parl.gc.ca/38/1/parlbus/chambus/house/bills/government/C-60/C-60_1/C-60_cover-E.html>.
- 5 *Constitution Act, 1867*, above note 2, s. 92(13).

ter of “Copyrights” under the *Constitution Act, 1867*.⁶ The provisions’ strict legal operation is only one of several considerations; their true purpose and practical effects are also determinative of constitutional validity. In pith and substance, the true character of the proposed provisions is actually very different from traditional copyright legislation. Moreover, it is unwise to focus solely on Parliament’s ability to legislate on this matter. Attention must be paid to the provinces’ role in the copyright reform process, which thus far has been largely overlooked.

Therefore, this paper first characterizes the pith and substance of the relevant provisions by examining their purpose and legal and practical effects. It then considers whether they fall within the scope of Parliament’s authority under the Copyrights clause, or are more accurately regarded as a matter of Property and Civil Rights. It also queries whether paracopyright provisions fall under other heads of power, such as Trade and Commerce, Criminal Law, or the Peace, Order, and Good Government of Canada.

The analysis leads to three main conclusions. First, provisions that attempt to trace the scope of existing copyright rules are not invulnerable. For reasons discussed in this paper, the mere inclusion of the phrase “for infringing purposes” may not be sufficient for constitutional purposes. As is, the proposed legislation may creep too far into the provincial domain to be salvaged as ancillary to an overall valid copyright scheme. It is arguable that this is a colourable attempt to expand the boundaries of Copyrights further into Property and Civil Rights.

The second theme in this paper is that if the federal government is constitutionally competent to enact legislation on the subject of TPMs and RMI, it must exercise restraint in doing so. The Constitution at least requires the Government to resist pressure to widen the proposed provisions. Similarly, courts must be cautious when interpreting Bill C-60 if and when it becomes law. The broader the provisions, the further they stray from federal jurisdiction, the more they trench into provincial powers, and the more suspect they become.

In any event, the Government’s intention to press forward with Bill C-60 does not necessarily preclude the provinces from enacting legisla-

6 I am not suggesting here that any or all of the existing *Copyright Act* is constitutionally invalid, but its status ought not be taken for granted. There is little judicial authority on point. See David Vaver, *Copyright Law* (Toronto: Irwin Law, 2000) at 19–21; and Jeremy F. deBeer, “Copyrights, Federalism and the Constitutionality of Canada’s Private Copying Levy” <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=793525>.

tion to deal with certain aspects of TPMs and RMI. The third conclusion, therefore, is that Provincial Attorney Generals should at least contribute to this discussion. Doing so will facilitate democratic involvement in the law reform process and maximize opportunities for effective citizen participation. These are among the foremost goals not only of copyright law, but also of the entire Canadian federal system.

B. THE PITH & SUBSTANCE OF THIS MATTER

To determine whether legislation is validly enacted according to the constitutional division of powers, one must characterize its “leading feature,” its “true character,” its “pith and substance.”⁷ Following characterization of the matter, the legislation can be classified as relating primarily to one or another head of power. Notably, the categories in section 91 and 92 are no longer viewed as “watertight compartments.”⁸ Despite the mutual modification⁹ of Canada’s constitutional classes to reduce conflicts, there are still overlaps in respect of complex policy issues.

The double aspect doctrine,¹⁰ for example, suggests there are some matters involving aspects of both provincial and federal authority. The necessarily incidental doctrine¹¹ suggests that particular provisions tethered to valid legislation may stand, despite trenching into the other legislator’s domain. But a particular provision is not constitutionally valid merely because it is included in a valid legislative scheme; the provision must be sufficiently integrated with that scheme.¹² Although we will encounter ambiguities as to the proper constitutional approach at a later stage in the analysis, it is certainly correct to begin by looking at the purpose and legal and practical effects of the Bill C-60.

7 *R. v. Morgentaler*, [1993] 3 S.C.R. 463 at 481, <www.lexum.umontreal.ca/csc-scc/en/pub/1993/vol3/html/1993scr3_0463.html>.

8 *Canada (A.G.) v. Ontario (A.G.)*, [1937] A.C. 326 at para. 354.

9 See R.M. Dawson, *The Government of Canada*, 5th ed., N. Ward, ed. (Toronto: University of Toronto Press, 1970) at 86.

10 See *Reference Re: Liquor License Act of 1877 (Ont.)*, (*Hodge v R.*), [1883] J.C.J. No. 2, [1883] 9 App. Cas. 117 (P.C.).

11 *General Motors of Canada v. City National Leasing*, [1989] 1 S.C.R. 641, <www.lexum.umontreal.ca/csc-scc/en/pub/1989/vol1/html/1989scr1_0641.html> [*General Motors*].

12 *Kitkatla Band v. British Columbia (Minister of Small Business, Tourism and Culture)*, [2002] 2 S.C.R. 146, <www.lexum.umontreal.ca/csc-scc/cgi-bin/disp.pl/en/pub/2002/vol2/html/2002scr2_0146.htm> at para. 41.

1) Purpose

Superficially, the purpose of the proposed legislation is to incorporate the WIPO Internet Treaties into Canadian domestic law. According to the Government's response to frequently asked questions, "The bill will implement all the rights and protections provided for in the WIPO Internet Treaties."¹³ This may require a brief explanation.

Provisions addressing the circumvention of TPMs and tampering with RMI had their genesis in the World Intellectual Property Organization (WIPO) *Copyright Treaty (WCT)*¹⁴ and the *WIPO Performances and Phonograms Treaty (WPPT)*.¹⁵ These are collectively known as the "WIPO Internet Treaties." Article 11 of the *WCT* requires that:

Contracting Parties shall provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by authors in connection with the exercise of their rights under this Treaty or the Berne Convention and that restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law.¹⁶

Digging slightly deeper, the purpose of the WIPO Internet Treaties, as stated in their preambles, is:

to develop and maintain the protection of the rights of authors [and performers and producers of phonograms] in their literary and artistic works [and performances and sound recordings] in a manner as effective and uniform as possible.¹⁷

The *WCT* and the *WPPT*, however, give national legislators — whether federal or provincial — significant leeway to fulfil this purpose.¹⁸ There is

13 *Frequently Asked Questions Amendments to the Copyright Act*, (Ottawa: Ministry of Industry and Heritage Canada, 2005), <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp01146e.html>>.

14 *World Intellectual Property Organization Copyright Treaty*, 20 December 1996, 36 I.L.M. 65, <www.wipo.int/clea/docs/new/en/wo/woo33en.html>.

15 *World Intellectual Property Organization Performances and Phonograph Treaty*, 20 December 1996, 36 I.L.M. 76, <www.wipo.int/clea/docs/en/wo/woo33en.htm>.

16 **Art. 18 of the WPPT**, *ibid.*, uses similar language in respect of the rights of performers and record producers.

17 Above notes 14–15.

18 Mark S. Hayes, "Memorandum Concerning the Implementation in Canada of Articles 11 and 18 of the WIPO Internet Treaties Regarding the Unauthorized Circumvention of Technological Measures Used in Connection with the Exercise

no obligation to implement “adequate legal protection and effective legal remedies” into *copyright law*. Experts acknowledge that countries could indeed decide to implement the WIPO Internet Treaties in fields of law other than in copyright.¹⁹

For example, by implementing aspects of the WIPO Internet Treaties into its competition law, not only into its copyright law, Japan has apparently recognized their significant purposes and effects outside of copyright law.²⁰ Indeed, adequate legal protection can be provided through diverse areas of law, including telecommunications regulation, competition, criminal law, tort, and contract.²¹ Circumvention could possibly be a breach of contract, a cyber-trespass,²² an unfair trade practice²³ or some

of a Copyright Right” (Ottawa: Ogilvy Renault, 2000), online: Industry Canada <<http://strategis.ic.gc.ca/epic/internet/inippp-dppi.nsf/en/ip01154e.html>>.

- 19 Séverine Dusollier, “Situating legal protections for copyright-related technological measures in the broader legal landscape: Anti Circumvention Protection Outside Copyright” (General Report presented to ALAI Congress, June 2003), <www.alai-usa.org/2001_conference/1_program_en.htm> at 25. See also for example Ian R. Kerr, Alana Maurushat, & Christian S. Tacit, “Technical Protection Measures: Tilting at Copyright’s Windmill” (2002-2003) 34 *Ottawa L. Rev.* 7 at 36-37; and Jacques de Werra, “The Legal System of Technological Protection Measures under the WIPO Internet Treaties, the Digital Millennium Copyright Act, the European Union Directives and other National Laws (Japan, Australia)” *General Report presented to ALAI Congress* (June 2001), <www.alai-usa.org/2001_conference/1_program_en.htm> at 12-13.
- 20 *Copyright Law of Japan*, Art. 120bis, <www.cric.or.jp/cric_e/clj/clj.html>; and *Japanese Anti-Unfair Competition Law*, Law No. 47, promulgated on 19 May 1993 as amended by Law No. 33, 23 April 1999 and Law No. 160, 22 December 1999. See generally Japan, Copyright Update Japan 1999, *On the Law to Partially Amend the Copyright Law (Part 1) Technological advances and new steps in copyright protection* by Takao Koshida, (Japan: Office of Multimedia Copyright, Copyright Division, Agency for Cultural Affairs), <www.cric.or.jp/cric_e/cuj/cuj99/cuj99_5.html> [Japan Update].
- 21 Dusollier, above note 19.
- 22 See for example *Compuserve v. Cyber Promotions, Inc.*, 962 F.Supp. 1015 (S.D. Ohio 1997); *eBay, Inc. v. Bidder’s Edge, Inc.*, 100 F. Supp. 2d 1058 (N.D. Cal., 2000); *Register.Com, Inc. v. Verio, Inc.*, 126 F. Supp. 2d 238 (S.D.N.Y., 2000); *Intel Corporation v. Kourosh Kenneth Hamidi et al.*, 94 Cal. App. 4th 325, 114 Cal.Rptr.2d 244 (2001). See further Richard A. Epstein, “Cybertrespass” (2003) 70 *U. Chi. L. Rev.* 73; John D. Saba Jr., “Internet Property Rights: E-Trespass” (2002) 33 *St. Mary’s L.J.* 367.
- 23 There is case law in countries such as Germany to support this view: Dusollier, above note 19, citing Lehmann, M. “Copyright and technical protections — German report” in *Copyright in Cyberspace*, Otto Cramwinckel ed., ALAI Study Days, June 1996 (Amsterdam, 1997) at 371-72; and A Raubenheimer, “Increasing

other tort,²⁴ or even a computer crime.²⁵ The point here is that it ought not be assumed that the WIPO Internet Treaties' provisions naturally dovetail with copyright.

In May 2004, the Standing Committee on Canadian Heritage recommended immediate ratification of the *WCT* and *WPPT*.²⁶ To accomplish this, the Government introduced Bill C-60. It will be discussed below whether signing the WIPO Internet Treaties is itself enough to empower the federal government to enact domestic legislation to fulfil Canada's obligations (the short answer is it is unclear). Regardless, implementation of the WIPO Internet Treaties is also one aspect of the Government of Canada's desire to enable "copyright stakeholders to address the challenges and opportunities of the Internet."²⁷ Unfortunately, little has been said about what, precisely, is the role of these provisions in addressing the challenges and opportunities of the Internet.

While normally one might look to legislative debates, speeches, or other Hansard evidence for the purpose of impugned legislative provisions,²⁸ we do not yet have the luxury of well-reasoned Parliamentary discussion on this topic. The Standing Committee's Interim Report did not offer a rationale for introducing these provisions into Canadian law, except to implement the WIPO Internet Treaties.²⁹ The Government of Canada did commission two thorough studies by Professor Kerr and others, which astutely describe the nature and function of TPMs, RMI, and circumvention or tampering prohibitions.³⁰ Moreover, in the decade since these is-

importance of hardware locks (dongles) in recent German case law" (1998) 7:1 Information & Communications Tech. L. 51.

24 See for example *Sega Enterprises Ltd. v. MAPHIA*, 857 F.Supp. 679, 1994 Copy. L. Rep. P 27,309, 30 U.S.P.Q.2d 1921 (ND Cal 1994); *Sega Enterprises Ltd. v. MAPHIA*, 948 F.Supp. 923, 1997 Copy L. Rep. P 27,605, 41 U.S.P.Q.2d 1705 (ND Cal 1996).

25 Dusollier, above note 19.

26 Canada, *Interim Report on Copyright Reform: Report of the Standing Committee on Canadian Heritage* (Ottawa: Communication Canada, 2004), <www.parl.gc.ca/InfocomDoc/Documents/37/3/parlbus/commbus/house/reports/herirp01-e.htm> [Interim Report].

27 Canada, *The Government of Canada Announces Upcoming Amendments to the Copyright Act: Background* (Ottawa: Ministries of Industry and Canadian Heritage, 2004), <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp01140e.html>>.

28 Morgentaler, above note 7 at 484.

29 Interim Report, above note 26.

30 See Heritage Canada, "Technical Protection Measures: Part I – Trends in Technical Protection Measures and Circumvention Technologies" by Ian R. Kerr, Alana Maurushat, & Christian S. Tacit (Ottawa: Department of Canadian Heritage, 2002), <www.pch.gc.ca/progs/ac-ca/progs/pda-cpb/pubs/protection/>

sues surfaced a robust body of literature has developed, which may help to uncover the various reasons paracopyright provisions may be enacted.³¹ Note, however, that although much of the literature addresses the wisdom of the policy choices involved, the key question here is not whether the policy choice is the correct one, but whether it is a choice Parliament is entitled to make.³²

The Government has said: “to better address the challenges and the opportunities presented by the Internet and digital technology in general ... [t]hese amendments will: enhance protection of works in the online environment, both to address infringement and to enable the development of new business models”³³ From this, one can infer that paracopyright provisions have something to do with the phenomenon of sharing digital content via peer-to-peer (p2p) networks. Content distributors are concerned that this wildly popular trend is a threat to their business models, and consequently their bottom line.³⁴ The proposed provisions will help to preserve their existing revenue streams and generate new ones.

One might argue that these provisions will safeguard artists’ interests and thus encourage the production and dissemination of digital materials to the benefit of society at large. Although the provisions will protect corporate distributors, not necessarily human artists,³⁵ a financially lucrative mass market for digital content might benefit grassroots artists in that greater profits for distributors could lead to greater opportunities for

index_e.cfm>; and Heritage Canada, “Technical Protection Measures: Part II – The Legal Protection of TPMs” by Ian R. Kerr, Alana Maurushat, & Christian S. Tacit (Ottawa: Department of Canadian Heritage, 2003), <www.pch.gc.ca/progs/ac-ca/progs/pda-cpb/pubs/protectionII/index_e.cfm>.

31 See for example “ALAI 2001 Congress: Adjuncts and Alternatives to Copyright” (ALAI-USA: New York, 2002), <www.alai-usa.org/2001_conference/1_program_en.htm>; and Jeffrey P. Cunard, Keith Hill, & Chris Barlas, “Current Developments in the Field of Digital Rights Management” *Standing Committee on Copyright and Related Rights, Tenth Session* (World Intellectual Property Organization: Geneva 2003), <www.wipo.int/documents/en/meetings/2003/sccr/pdf/sccr_10_2.pdf>.

32 *Firearms Reference* at para. 18.

33 *FAQ Bill C-60*, above note 13.

34 See, for example, The Canadian Recording Industry Association, “perils of p2p,” <www.cria.ca/filessharing.php>.

35 For an illustration of this phenomenon in practice, one can look to the Apple iTunes Music Store. It is the company that markets and distributes the digital content, not the artist who produces it, that exploits TPMs in its business model. See further Jeremy F. deBeer, “Artist Compensation and the Canadian Copyright Regime” (Toronto: Uniform Law Conference of Canada, 2005).

artists. The benefits, however, are indirect at best.³⁶ The dominant purpose of these provisions is, therefore, to protect distributors' economic interests, not necessarily artists' wellbeing.³⁷ One could say that this is true of many parts of the current *Copyright Act*, and therefore unobjectionable. But it will be explained below that protection for artists is at the core of the Constitution's Copyrights clause, whereas protection for distributors may be considered more peripheral. Legislation with a primary purpose related to neighbouring rights — which themselves have not been settled to be constitutionally valid Copyrights — is more vulnerable than would be legislation directly addressing the rights of authors.

Moreover, the proposed provisions may not encourage the dissemination of digital content, one of the primary goals of copyright law generally. Rather, they will likely concentrate control over dissemination in the hands of relatively few distributors.³⁸ According to Professor Hugenholtz, therefore, "the new regime is difficult to reconcile with one of the most important rationales of the copyright system: promoting the dissemination of culture and knowledge in society."³⁹ One could argue, in fact, that the purpose of the Government's proposed provisions is actually *inconsistent* with traditional copyrights.

Alternatively, the purpose of these proposed provisions might be characterized as simply to deter or remedy copyright infringement. After all, Bill C-60 prohibits circumvention or services to circumvent "for the purpose of an act that is an infringement of the copyright."⁴⁰ This stands in contrast to other countries' implementation of the WIPO Internet Treaties,

36 And may not be worth the costs: see Lawrence Lessig, *Free Culture How: Big Media Uses Technology and the Law to Lock Down Culture and Control Creativity*, (New York: Penguin Press, 2004).

37 See *Japan Update*, above note 20, wherein Koshida directly addresses this point and comments: "In these amendments, measures "used not at the will of the owner of copyright" are not included in technological measures. This is because it is thought, for example, that a technological measures that is used by a distributor who is not a copyright owner, on his or her own for his or her own profit without regard to the intent of the copyright owner, could not be considered a measure to effectively secure copyright."

38 Indeed, a prohibition on TPMs, rather than a prohibition on circumvention, might best promote the objective of widespread dissemination of digital content. I'm not suggesting here that either prohibition is warranted; a neutral approach that defers to market forces might also be appropriate.

39 B. Hugenholtz, "Copyright, Contract and Code: What Will Remain of the Public Domain" (2000-2001) 26 *Brook. J. Int'l L.* 77 at 86.

40 Bill C-60, above note 4, s. 34.02(1).

most notably the United States' *Digital Millennium Copyright Act* [DMCA],⁴¹ which has been criticized for being vague, overbroad, and skewing the law in favour of content distributors.⁴² Certainly, federal legislation wider than that proposed in Bill C-60 would have a more difficult time passing constitutional muster. By prohibiting circumvention for infringing purposes only, the Government has increased the likelihood that its proposed provisions can withstand scrutiny. Yet it would be misleading to suggest that the constitutional conundrum is completely solved.

The reference to the purpose of infringement may help to align the provisions' scope with the existing *Copyright Act*, but it says nothing about their nature. So, the fact that TPMs will be protected only insofar as circumvention is for an infringing purpose may not be enough to change the "true character"⁴³ of this legislation for constitutional purposes. In determining the pith and substance, the court "will look beyond the direct legal effects"⁴⁴ In other words, the real issue at this stage has less to do with the scope of the circumvention prohibitions than their nature. In this respect, the proposed provisions are dramatically different from traditional copyright laws. Logic proves this: either (a) the new provisions are entirely superfluous, which begs the question as to why they are being enacted at all; or (b) they are different from existing copyright law in purpose and effect, which raises questions as to their validity.

Traditional copyright law is one way to control the terms upon which digital content is distributed. The scope of copyright law is determined by democratically elected representatives and enforced by an independent judiciary. The scope of TPMs, on the other hand, is determined not by public officials, but by private companies pursuing economic agendas.⁴⁵ True, legal prohibitions against circumvention of TPMs will trace the scope of copyright law. But the decision to enact this additional layer of protection nevertheless reveals a purposive shift from one legal regime to another.

41 *Digital Millennium Copyright Act*, 17 U.S.C. § 1201 (1998).

42 See for example Pamela Samuelson, "Intellectual Property and the Digital Economy: Why the Anti-Circumvention Regulations Need to Be Revised" 14 *Berkeley Tech. L.J.* 520, <www.law.berkeley.edu/journals/btlj/articles/vol14/Samuelson/html/reader.html>; Dan L. Burk, above note 1; Simon Fitzpatrick, "Copyright Imbalances: U.S. and Australian Responses to the WIPO Digital Copyright Treaty" (2000) 5 *E.I.P.R.* 214; Cunard, Hill & Barlas, above note 31; Kerr, Maurushat, & Tacit, above note 19 at 66; de Werra, above note 19 at 14–15.

43 *Morgentaler*, above note 7 at 481.

44 *Ibid.* at 481–83.

45 Kerr, Maurushat, & Tacit, above note 19 at 42–43.

The proposed amendments would contribute to the transfer of control over the terms of distribution from copyright to contract law. According to Professor Hugenholtz: “Contract law, in particular, appears to have all the makings of becoming a perfect alternative to the copyright system.”⁴⁶ Along the same lines, Professor Samuelson has remarked: “There may be nothing for copyright to do, except perhaps to serve as a kind of *deus ex machina* justifying the use of technological and contractual means for protecting works in digital form.”⁴⁷ In particular, if and when Bill C-60 comes into force, it will be unnecessary for digital content distributors to invoke copyrights or neighbouring rights at all. The mere act of circumvention for an infringing purpose could entitle the copyright owner to all remedies provided by law. These paracopyright provisions are thus a replacement for, not a part of, traditional copyright laws.

It is arguable that paracopyright provisions protect contracts about copyrights, and are therefore themselves in pith and substance a matter of copyright, not contract. Another way of putting it is that these provisions relate to copyright “licensing” issues, not significantly different from, for example, provisions governing ownership of copyright generally.⁴⁸ However, in theory and in practice, paracopyright provisions have a rather different purpose. Mark Hayes refers to the contracts enforced by technological protection measures as “super-copyright.”⁴⁹ He says:

the use of the term licence to refer to these types of “super-copyright” agreements is somewhat misleading. ... Properly understood, these “super-copyright” agreements are completely separate from, and additional to, copyright protection and impose contractual restrictions which only should be enforceable if the user is contractually bound to the restrictions and the restrictions are not unconscionable or otherwise against public policy.⁵⁰

This last point — that such contracts should only be enforceable if they are not unconscionable or against public policy — further emphasizes that many of the questions here are essentially about regulating private

46 Hugenholtz, above note 39 at 78.

47 Pamela Samuelson, “Copyright, Digital Date, and Fair Use in Digital Networked Environments” in Ejan Mackay *et al.*, eds, *The Electronic Superhighway: The Shape of Technology and Law to Come* (The Hague: Kluwer Law International, 1995) 117 at 125–26.

48 See for example *Copyright Act*, above note 3, s. 13,

49 Hayes, above note 18 at 3–6.

50 *Ibid.* at 6.

contractual agreements. Picture a triangle of copyright, contract, and technology. The purposes of the technology and contract are closer to each other than either is to copyright. This becomes even more apparent when one looks at Bill C-60's provisions against tampering with RMI. This is essentially a legislative scheme governing contracts about access to and use of digital content. This is not really about copyright — as Professors Kerr and Bailey have noted: “while we refer to ... ‘rights management’ systems, what these databases *really* manage is information.”⁵¹

Ultimately, including references to copyright may ostensibly relate the matter to the scope of existing copyright law, but it does not change the “true character” of this legislation. In pith and substance this is perhaps more of a technological, contractual, or commercial matter than a copyright matter. The Government's proposed legislation is best described as a *paracopyright* law — a law going beyond existing copyright law, although not necessarily in scope, certainly in nature.

2) Effects

Recommendations to limit the breadth of effects of paracopyright provisions are common among experts who have studied these issues.⁵² Until now many of the arguments have been based primarily on sound policy-making. However, tightly focussed legislation is not just wise policy — it is constitutionally mandated. Scholars such as Professors Kerr and Bailey have noted that provisions inconsistent with fundamental rights such as privacy or freedom of expression may violate the *Charter of Rights and Freedoms*.⁵³ The distinct constitutional point of this paper is often overlooked.

51 Ian R. Kerr & Jane Bailey, “The Implications of Digital Rights Management for Privacy and Freedom of Expression” (2004) 2 J. Information, Communication & Ethics in Soc’y 87, <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=705041> at 89.

52 See for example Kerr, Maurushat, & Tacit, above note 19, and the sources cited therein.

53 Ian R. Kerr & Jane Bailey, above note 51. Professor Kerr has also noted that these types of provisions could contain “broad and vague statements that may not withstand constitutional scrutiny.” See Kerr, Maurushat, & Tacit, above note 19 at 56. Experiences in the United States highlight the chilling effect that the DMCA's paracopyright provisions have had on expression. See for example *United States v. Elcom Ltd.*, 203 F. Supp. 2d 1111 (NDCal 2002); *Universal City Studios v. Reimerdes*, 111 F. Supp. 2d. 294 (SDNY 2000), aff'd 273 F. 3d 429 (2d Cir. 2001) [Reimerdes]; *Felten v. Recording Industry Association of America*, Case No. CV-01-2669 (GEB) (DistCtNJ). For a description of the effects of the DMCA in the scientific community, see Jeffrey Sullivan & Thomas Morrow, “Practicing

From the perspective of the division of legislative powers, the broader the effect of the new provisions, the further they are from the core of Parliament's authority under the Copyrights clause and the more they encroach on provincial jurisdiction over Property and Civil Rights. That is, even if the purpose of paracopyright provisions is related to copyright, broader effects of the legislation could render it constitutionally invalid. It is here that the precise scope of the Government's proposal must be considered, so the relevant provisions are reproduced below in full.

There is a general threat that TPMs will undermine copyright law's delicate balance between various stakeholders.⁵⁴ This balance seeks to provide sufficient incentives to generate and disseminate new cultural works while at the same time respecting rights such as freedom of expression, privacy, contractual autonomy, and classic private property, as well furthering the public's interests.⁵⁵ Although TPMs cannot differentiate between copyright infringement and legitimate activities, legislation concerning TPMs might.

Reverse Engineering in an Era of Growing Constraints under the Digital Millennium Copyright Act and Other Provisions" (2003) 14 Alb. L.J. Sci. & Tech.

1. Indeed, for various reasons, it has been suggested that the DMCA could be constitutionally infirm. See Glynn S. Lunney Jr., "Death of Copyright: Digital Technology, Private Copying, and the Digital Millennium Copyright Act" (2001) 87 Va. L. Rev. 813 at 848. See also Yochai Benkler, "Constitutional Bounds of Database Protection: The Role Judicial Review in the Creation and Definition of Private Rights in Information" (2000) 15 Berkeley Tech. L.J. 535 at 548–52; Yochai Benkler, "Free as Air to Common Use: First Amendment Constraints on Enclosure of the Public Domain" (1999) 74 N.Y.U. L. Rev. 354 at 414–29; Julie E. Cohen, "Copyright and the Jurisprudence of Self-Help" (1998) 13 Berkeley Tech. L.J. 1089 at 1131–34; William Patry, "The Enumerated Powers Doctrine and Intellectual Property: An Imminent Constitutional Collision" (1999) 67 Geo. Wash. L. Rev. 359 at 361.

54 See for example Kerr, Maurushat, & Tacit, above note 19, at 47–53; Samuelson, above note 42; Dan L. Burk & Julie E. Cohen, "Fair Use Infrastructure for Right Management Systems" (2001) 15 Harv. J.L. & Tech. 41 at 49–51.

55 See, for example *Théberge v. Galerie d'Art du Petit Champlain Inc et al.*, 2002 SCC 34, [2002] 2 S.C.R. 336, <www.lexum.umontreal.ca/cscscc/en/pub/2002/vol2/html/2002scr2_0336.html>, at paras. 30–33 [Théberge]; *CCH Canadian Ltd. v. Law Society of Upper Canada*, 2004 SCC 13, [2004] 1 S.C.R. 339, <www.lexum.umontreal.ca/csc-scc/en/pub/2004/vol1/html/2004scr1_0339.html> at paras. 10, 23–24, 41, 48 and 70; [CCH Canadian]; and *Society of Composers, Authors and Music Publishers of Canada v. Canadian Assn. of Internet Providers*, [2004] 2 S.C.R. 427, <www.lexum.umontreal.ca/cscscc/en/pub/2004/vol2/html/2004scr2_0427.html> at paras. 40–41, 46, 88–89, 107, 129–32 [SOCAN v. CAIP]. (LeBel J. dissented for other reasons: *ibid.* at para. 134.).

There are two key aspects of Bill C-60 that may limit its legal effects: only TPMs that ordinarily protect copyrights, neighbouring, and moral rights are protected, and only circumvention for infringing purposes or providing circumvention services that the provider knows or ought to know will result in infringement are prohibited. As mentioned above, it is tempting to conclude that these qualifications are sufficient to eliminate any problem concerning the constitutional division of powers. However, that is not the case. Aside from the fact that (a) the test is not correlation with the present *Copyright Act* but with the *Constitution Act, 1867*, (b) the provisions' strict legal effect is only one of a number of considerations (in addition to their purpose and practical effect) in characterizing the pith and substance of the matter and (c) it is appropriate to look at both Parliament's and the provinces' role in this debate, there is another issue to discuss in respect of the provisions' legal effects: (d) the proposed limitations may not go far enough, as ambiguities make it difficult to draw firm conclusions.

Subsection 1(2) of Bill C-60 defines a "technological measure" as:

any technology, device or component that, in the ordinary course of its operation, restricts the doing — in respect of a material form of a work, a performer's performance fixed in a sound recording or a sound recording — of any act that is mentioned in section 3, 15 or 18 or that could constitute an infringement of any applicable moral rights

It is unclear whether the definition of a "technical measure" turns upon the general type of technical measure at issue (i.e., a hardware or software based access control, copy control, encryption, scrambling, etc.)⁵⁶ or on the particular use of the measure in a given instance.

The former interpretation seems like the approach taken, for example, in the *German Copyright Act*, which adopts the language of the *E.C. Copyright Directive* almost exactly (Bill C-60 substitutes "ordinary" for "nor-

56 Specific examples of technological measures protected under this definition might include the Content Scramble System (CSS), which allows motion picture companies to control access to content of DVDs, or the Secure Digital Music Initiative (SDMI), which has been used to control copying, uploading of music to the Internet, and playback on portable devices. For a description of CSS and SDMI technology, see for example Dean S. Marks & Bruce H. Turnbull, "Technical Protection Measures: The Intersection of Technology, Law and Commercial Licences" (2000) 22 E.I.P.R. 198 at 207.

mal”).⁵⁷ On this interpretation, the definition would encompass measures that protect copyrights, neighbouring, and moral rights, but could also encompass a wide array of further measures. The phrase “in the ordinary course of its operation” raises problems. The last time the Government used the word “ordinarily” in the *Copyright Act* (as part of the private copying regime) it was interpreted to mean, in effect, not extraordinarily.⁵⁸ Adjectives like ordinary and normal don’t necessarily capture proportionality, at least not as interpreted in Canadian copyright law.⁵⁹ A measure that is used sometimes or often, even if not primarily or exclusively, in connection with copyright would fall within the proposed definition. The constitutional problem here is that a type of measure could be protected even though the vast majority of uses for that measure are unconnected with rights under the *Copyright Act*, let alone the Copyrights clause. That the constitutionality of the private copying regime has been called into question, in part because of the breadth of the term “ordinarily,”⁶⁰ should be taken as a warning to tighten the meaning of a technical measure.

The second interpretation, which would look to the particular use of a measure in a given instance to determine whether it falls within the definition, is also problematic but less so from a constitutional perspective. Although a measure applied to non-copyright materials will not be protected against circumvention, it is uncertain what will happen where a measure protects both copyright and non-copyright materials in the same digital work. A reported legal decision illustrates the potential problem here: the headnote may be subject to copyright whereas the underlying

57 *German Copyright Act* of 9 September 1965, as amended on 10 September 2003 (English translation) <<http://eurorights.cdfreaks.com/index/14/51>>; and Directive 2002/9/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, Official Journal L167/10, 22/06/2001, <www.ivir.nl/legislation/eu/copyright-directive.doc>. See generally Alexander Peukert “Country Report Germany” <www.euro-copyrights.org/index/14/49>; and P. Bernt Hugenholtz, “Why the Copyright Directive is Unimportant, and Possibly Invalid” (2000) 22 E.I.P.R. 499.

58 *Private Copying 1999-2000, Tariff of Levies to be Collected by CPCC (Re)* (1999), 4 C.P.R. (4th) 15, <www.cb-cda.gc.ca/decisions/c17121999-b.pdf>, aff’d *AVS Technologies Inc. v. Canadian Mechanical Reproduction Rights Agency*, [2000] F.C.J. No. 960, <<http://decisions.fct-cf.gc.ca/fct/2000/a-19-00.shtml>>.

59 *Private Copying 1999-2000*, *ibid.*

60 See deBeer, above note 6, discussing *Canadian Private Copying Collective v. Canadian Storage Media Alliance*, [2004] FCA 424, <<http://decisions.fca-caf.gc.ca/fca/2004/2004fca424.shtml>>.

judgement is not.⁶¹ In such a case the measure is probably encompassed within the definition in Bill C-60, meaning that protection might extend beyond what is now protected by copyright.

The problem of over-breadth could be addressed by replacing the term “ordinary” in the definition of technological measure. Unfortunately, the Bill does not incorporate the suggestion of a Government-sponsored memorandum that a measure should be protected only if it “is ‘*primarily*’ intended to restrict copyright infringement and its effect is to ‘*primarily*’ restrict copyright infringement.”⁶² Were the definitions limited to measures that *exclusively* relate to works and activities protected under the *Copyright Act*, the legislation’s constitutional status might be even more secure. But if a technical measure becomes protected against circumvention merely because it protects, sometimes or in part, copyrighted materials, this will expand the law’s boundaries significantly.⁶³ In effect, the law will not be limited to protecting the technologies that protect copyrights; it will protect TPMs *per se*. This threatens its status as valid copyrights law.

Granted, under section 34.02(1), circumvention of such measures will only be prohibited if done for an infringing purpose. The Bill contains the following three provisions dealing with circumvention of technological measures. In short, copyright, neighbouring, and moral rights holders can prevent: (1) circumvention of TPMs for the purpose of copyright infringement; (2) anyone from offering or providing circumvention services that the provider knows or ought to know will result in an infringement; and (3) trafficking in works from which TPMs have been removed. More particularly,

34.02 (1) An owner of copyright in a work, a performer’s performance fixed in a sound recording or a sound recording and a holder of moral rights in respect of a work or such a performer’s performance are, subject to this Act, entitled to all remedies by way of injunction, damages, accounts, delivery up and otherwise that are or may be conferred by law for the infringement of a right against a

61 *CCH Canadian v. Law Society of Upper Canada*, 2002 FCA 187 at paras. 77–78, <<http://decisions.fct-cf.gc.ca/fct/2002/2002fca187.shtml>> aff’d. *CCH Canadian*, above note 55.

62 Hayes, above note 18 (emphasis added).

63 In *Chamberlain Group, Inc. v. Skylink Technologies, Inc.*, 292 F.Supp.2d 1023 (NDIll 2003), 72 U.S.P.Q.2d 1225; 381 F.3d 1178 (CAFed 2004) at 1241 [*Chamberlain*], the court noted that this could “allow any manufacturer of any product to add a single copyrighted sentence or software fragment to its product, wrap the copyrighted material in a trivial ‘encryption’ scheme, and thereby gain the right to restrict consumers’ rights to use its products in conjunction with competing products.”

person who, without the consent of the copyright owner or moral rights holder, circumvents, removes or in any way renders ineffective a technological measure protecting any material form of the work, the performer's performance or the sound recording for the purpose of an act that is an infringement of the copyright in it or the moral rights in respect of it or for the purpose of making a copy referred to in subsection 80(1).

(2) An owner of copyright or a holder of moral rights referred to in subsection (1) has the same remedies against a person who offers or provides a service to circumvent, remove or render ineffective a technological measure protecting a material form of the work, the performer's performance or the sound recording and knows or ought to know that providing the service will result in an infringement of the copyright or moral rights.

(3) If a technological measure protecting a material form of a work, a performer's performance or a sound recording referred to in subsection (1) is removed or rendered ineffective in a manner that does not give rise to the remedies under that subsection, the owner of copyright or holder of moral rights nevertheless has those remedies against a person who knows or ought to know that the measure has been removed or rendered ineffective and, without the owner's or holder's consent, does any of the following acts with respect to the material form in question:

- (a) sells it or rents it out;
- (b) distributes it to such an extent as to prejudicially affect the owner of the copyright;
- (c) by way of trade, distributes it, exposes or offers it for sale or rental or exhibits it in public; or
- (d) imports it into Canada for the purpose of doing anything referred to in any of paragraphs (a) to (c).

The reference to a "purpose of act that is an infringement of copyright" means that circumvention for the purpose of fair dealing or other legitimate activities under the *Copyright Act* will be permitted. It could also be possible to circumvent to exercise classic property rights normally associated with ownership of tangible property, just as in the *Théberge* case.⁶⁴ Consumers will be allowed to circumvent in accordance with their express

64 *Théberge*, above note 55.

or implied contractual rights, as an act done with the authorization of the copyright owner is not an infringement.

The details of this qualification, however, remain unclear. It is relatively obvious that the onus to prove an infringing purpose will lie on the plaintiff. Procedurally, the infringing purpose requirement is not a defence or exception. But still, how is the purpose to be determined? What if the purpose was to infringe, but in fact no infringement ultimately occurs? Is the circumventor's subjective intention at the time of circumvention or the ultimate activity carried out following circumvention determinative? If liability for circumvention turns on whether or not the ultimate activities were infringing, the practical effect may be to eliminate fair dealings altogether, as few people would be willing to risk the consequences of an honest but mistaken belief. If a subjective test of intention were adopted, it might enable a person with a *bona fide* claim of fair dealing to exercise his/her putative rights confidently. The adoption of this latter test may have a less drastic effect, and would therefore, be more closely aligned with existing copyright doctrine.

It is also problematic that the implicit right to circumvent TPMs for non-infringing purposes will be practically worthless. As I alluded to, there are two types of "effects" potentially relevant to an analysis of the division of powers: legal effects and practical effects. In appropriate cases, one can look beyond "the four corners of the legislation"⁶⁵ at evidence of "the actual or predicted practical effect of the legislation in operation."⁶⁶ An explicit right to circumvent for non-infringing purposes, coupled with guaranteed access to the means to do so, would more closely align the effects of the new regime with the scope of existing copyright law. That is, for the limitations in Bill C-60 to be meaningful in practice, there must be mechanisms in place to ensure consumers have not only the right but also the ability to circumvent TPMs.⁶⁷ This could be in the form of prohibitions

65 *Reference re: Anti-Inflation Act*, [1976] 2 S.C.R. 373 at 388–89. Practical effects may not always have great analytic significance: see *Morgentaler*, above note 7 at 485–88.

66 *Reference re: Alberta Legislation*, [1938] S.C.R. 100 at 130.

67 Evidence of the practical effects of paracopyright legislation on would-be fair use can be found in a well-known U.S. case where Hollywood movie studios sued three individuals who posted copies of and links to DeCSS software that decrypted DVDs. The District Court issued an injunction, finding that fair use does not apply under the DMCA: see *Reimerdes*, above note 53. The Appeals Court affirmed this decision, finding that the DMCA does not unduly burden fair use rights, because there was "no authority for the proposition that fair use ... guarantees copying by the optimum method or in the identical format of the original." *Ibid.* at 445, 450–59; *Elcom*, above note 53 at 1134–5; 321 *Studios*

against the use of TPMs in certain circumstances, or a statutory obligation to facilitate certain uses of materials guarded by TPMs. Even this may not be enough however. The *E.C. Copyright Directive* contains a roughly similar requirement, but this has been criticized as seriously deficient (and possibly invalid) in terms of its complexity and lack of practical meaning.⁶⁸

But it seems that the Government does not intend to enact protections against the abuse of TPMs. Perhaps this is because such consumer protection aspects of paracopyright provisions are a matter for the provinces to deal with. If so, this could be evidence that the entire scheme is *ultra vires* Parliament's authority, as the consumer protection issues are an integral element of legislation addressing TPMs and RMI. Or it could be that this is an area of shared responsibility. At this point, it is enough to say that if the Government does not include mechanisms to render the provisions' limited legal effects practically meaningful, this will increase the possibility that the legislation's overall effects could render the provisions constitutionally invalid.

Another question about the legal effect of section 34.02(1) is whether it could create a novel "right of access" to works — the ability of copyright holders to control copyright, performance, distribution, etcetera, and also access to a work. Since it is not presently an infringement to access a copyrighted work, Bill C-60 appears to allow for the circumvention of pure access controls. However, this distinction may not have much practical significance because accessing a digital work usually involves making a copy, albeit ephemeral. This could effectively create a *sui generis* right of access.⁶⁹ Although some argue this is a natural evolution of copyright,⁷⁰ others say it constitutes an unprecedented expansion.⁷¹ Either way, the likelihood

v. Metro Goldwyn Mayer Studios, Inc. 307 F.Supp.2d 1085 (NDCal 2004). This, of course, ignores the consumers' classic property rights: see Jeremy F. deBeer, "Reconciling Property Rights in Plants" (2005) 8:1 J. World Intellectual Property 5, <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=603961>.

68 See Hugenholtz, above note 57.

69 This may not have been intended by the WIPO Internet Treaties: see generally de Werra, above note 19 at 11–12; Burk, above note 1; and Michael Landau, "Has the Digital Millennium Copyright Act Really Created a New Exclusive Right of Access? Attempting to Reach a Balance Between Users' and Content Providers' Rights" (2001) 49 J. Copyr. Soc'y USA 277.

70 Jane C. Ginsburg, "From Having Copies to Experiencing Works: the Development of an Access Right in U.S. Copyright Law" (2003) 50 J. Copyr. Soc'y USA 113, <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=222493>.

71 See for example Samuelson, above note 42; and Kamiel J. Koelman, "The Protection of Technological Measures vs. the Copyright Limitations" (Paper Presented

that the practical effect of this provision will be to create a right of access to digital materials is a departure from existing copyright principles. The debate is simply about the length of this leap.

The most dramatic legal and practical effects of Bill C-60's paracopyright provisions might result from section 34.02(2), which addresses "services to circumvent." This provision is shrouded in ambiguity. On the one hand, it could be meant to cover the operation of a circumvention business, so to speak. Japan, for instance, has adopted such an approach.⁷² Although the Japanese government has defined service much more clearly, the *Japanese Copyright Law* prohibits all circumvention businesses, not just circumvention businesses with knowledge of eventual infringement, so this would not be a model for Canada to follow.

Section 34.02(2) of Bill C-60 could also be interpreted simply to close a loophole that might arise where a person arranges for someone else to circumvent a technological measure rather than doing it him/herself, in essence like a principal and agent. In such a case, the principal may not be liable because he/she would not have circumvented the technical measure, and the agent may not be liable because he/she would not have had an infringing purpose. Neither party would fall under section 34.02(1), but section 34.02(2) might apply. If that were the case, then section 34.02(2) would not be much more or less objectionable than any of the other paracopyright provisions. Unfortunately, a court may not give this section such a narrow interpretation. In fact, if this narrow interpretation is correct, the provision is probably unnecessary. There would be no "loophole" if the purpose referred to in section 34.02(1) includes another person's purpose.

to ALAI Congress, June 2001), <www.alai-usa.org/2001_conference/1_program_en.htm>. U.S. cases that raised this issue illustrate the breadth of effects that paracopyright provisions could have on matters otherwise related to property, contract, and local commerce. In one such case, which ultimately rejected the plaintiff's claim, the Federal Circuit stated: "the appropriate deterrents to this [circumvention] behaviour lie in tort law and criminal law, not in copyright law." See *Chamberlain Group v. Skylink Technologies*, 292 F.Supp.2d 1023 (N.D.Ill. 2003); 381 F.3d 1178 (CA Fed 2004) at 1241. Another U.S. case has been criticized for buttressing a fairly naked attempt to use paracopyright law to replace the ordinary rules of contract and commerce. See Dan L. Burk, "Control of the Aftermarket through Copyright" (2003-2004) 17 Harv. J.L. & Tech. 307, criticizing *Lexmark International, Inc. v. Static Control Components, Inc.*, (2004) 253 F.Supp. 2d 943 (USDC E.Ky. 2003), 387 F.3d 522 (C.A.6 Ky.).

72 See *Copyright Law of Japan*, above note 20, art. 2; and *Japan Update*, above note 20.

This is already the case with fair dealing — one can deal fairly for another's purposes.⁷³ Thus, 34.02(2) could easily be removed from Bill C-60.

Doing so would go a long way toward strengthening the arguments in favour of constitutional validity, as it would eliminate the drastic legal and practical effects that could result from a possible broader interpretation. These provisions could otherwise revolutionize the principles of third-party liability for copyright infringement by replacing Canada's well-settled rules governing the authorization of infringing acts with the American doctrine of contributory infringement.⁷⁴ The Supreme Court has explicitly cautioned that such a move "must be scrutinized very carefully because of some fundamental differences in copyright concepts" between the two countries.⁷⁵ Such a sudden and radical shift may not be permitted under Canada's Copyrights clause.

Presently in Canada: "a person does not authorize infringement by authorizing the mere use of equipment that could be used to infringe copyright,"⁷⁶ nor by manufacturing, distributing, or marketing equipment used to infringe copyright unless there is a relationship of care and control.⁷⁷ Bill C-60, however, could result in liability for anyone who provides a "service to circumvent." The meaning of "service" is unclear. Copyright holders are likely to argue that the effect is no different from the DMCA's ban on a circumvention "technology, product, service, device [or] component."⁷⁸ The DMCA contains a list of alternative factors that can bring a service within its scope, whereas the proposed Canadian legislation would incorporate a requirement of knowledge of infringement. Under Bill C-60, offering or providing a service to circumvent is prohibited only if the provider knows or ought to know that an infringement will result. Although this sounds like a high hurdle for plaintiffs, the evidentiary burden is really not onerous. Actual subjective knowledge is not required, as it is enough that the provider "ought to know" the results of his/her actions. And despite the

73 *CCH Canadian*, above note 55.

74 *Sony Corp. of America v. Universal Studios*, 464 U.S. 417 (1984); *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 380 F.3d 1154 (CA 9th), 125 S.Ct. 1605 (2005). As copyright expert Mark Hayes noted in his government-commissioned memorandum: "The introduction of a regime to ban circumvention devices ... would necessitate some fundamental rethinking of Canadian copyright law." He called this a "fundamental change in Canadian law relating to infringing equipment and authorization." Hayes, above note 18.

75 *Compo Co. v. Blue Crest Music Inc.*, [1980] 1 SCR 357.

76 *CCH Canadian*, above note 55 at para. 38. See also *SOCAN v. CAIP*, above note 55.

77 *CCH Canadian*, above note 55 at para. 38.

78 DMCA, above note 41, § 1201(a)(2).

apparent certainty of the word “will” (as opposed to could or might), the reasonable provider merely ought to know that “an” infringement (not some or many) will result. The number of non-infringing uses of the service would seem to be irrelevant under section 34.02(2), and it isn’t clear what steps a service provider must take to assure him/herself that no infringement will occur. Under existing Canadian law, a provider of products or services that could be used for infringement is entitled to presume lawful use.⁷⁹ Will that still be the case?

Lawsuits under the *DMCA* have created the potential for what has been called “tertiary” or “quaternary” liability.⁸⁰ The legal effect of this two, three or even four-step departure from existing Canadian copyright law would be to create a brand new form of civil liability under the auspices of the *Copyright Act*. Even if the legal effects are not as drastic as feared, the uncertainty alone may have a chilling effect on the technology sector as manufacturers and distributors seek to avoid litigation. Furthermore, there is also a relationship between section 34.02(2) and section 34.02(1), as potential fair users and other non-infringers may not have access to technologies that facilitate the exercise of their rights. In sum, section 34.02(2) unnecessarily jeopardizes the constitutional validity of the entire scheme.

If circumvention is permitted under sections 34.02(1) or 34.02(2), a person’s subsequent use of the circumvented material may be prohibited under section 34.02(3). Such a provision would seem redundant, as it is usually already an infringement to distribute copyright material. To avoid the risk of unintended consequences that might threaten the constitutionality of the new scheme, this section might simply be eliminated from Bill-60.

The Bill also deals with “rights management information,” which is defined in subsection 1(2) as information that:

- (a) is attached to or embodied in a material form of a work, a performer’s performance fixed in a sound recording or a sound recording, or appears in connection with its communication to the public by telecommunication, and
- (b) identifies or permits the identification of the work or its author, the performance or its performer, the sound recording or its maker or any of them, or concerns the terms or conditions of its use.

79 *CCH Canadian*, above note 55.

80 Mark A. Lemley & Anthony R. Reese, “Reducing Digital Copyright Infringement Without Restricting Innovation” (2004) 56 *Stan. L. Rev.* 1345, citing Landau, above note 69, and Burk, above note 1.

It is noteworthy that the definition of “rights management information” includes information concerning the terms or conditions of the use of a work that may have nothing to do with the existence or scope of copyright protection. Apparently, information concerning any and all contractual terms will be protected, as long as the contract concerns a work protected by copyright, neighbouring, or moral rights.

The following two provisions prohibit tampering with RMI:

34.01 (1) The owner of copyright in a work ... is, subject to this Act, entitled to all remedies ... conferred by law for the infringement of a right against a person who, without the consent of the copyright owner, knowingly removes or alters any rights management information in electronic form that is attached to or embodied in any material form of the work ... or appears in connection with its communication to the public by telecommunication and knows, or ought to know, that the removal or alteration will facilitate or conceal any infringement of the owner’s copyright.

(2) The owner of copyright referred to in subsection (1) has the same remedies against a person who, without the owner’s consent, knowingly does any of the following acts with respect to any material form of the work, ... and knows or ought to know that the rights management information has been removed or altered in a way that would give rise to a remedy under subsection (1):

- (a) sells it or rents it out;
- (b) distributes it to such an extent as to prejudicially affect the owner of the copyright;
- (c) by way of trade, distributes it, exposes or offers it for sale or rental or exhibits it in public;
- (d) imports it into Canada for the purpose of doing anything referred to in any of paragraphs (a) to (c); or
- (e) communicates it to the public by telecommunication.

The anti-tampering prohibition in section 34.01(1) may have significant effects on the protection of personal privacy. The definitions of TPMs and, especially, RMI could protect computer programs that automatically collect personal information. As a result, it will be an infringement of copyright when a consumer tampers with or circumvents such a program and then engages in any of the subsequent uses prohibited in sections 34.01(2) and 34.02(3). This could, arguably, unduly trench on users’ privacy and property rights.

The last point to make about the effect of the proposed provisions concerns the nature of the remedy provided. Both sections 34.01 and 34.02 offer to a copyright owner "... all remedies by way of injunction, damages, accounts, delivery up and otherwise that are or may be conferred by law for the infringement of a right ...". This is very broad. The remedies available seem not to be limited to remedies under the *Copyright Act*, but ostensibly include all remedies conferred by any law. It would make sense to interpret infringement of a "right" as meaning a copyright, neighbouring, or moral right. This should be clarified however, or the legal effect of this provision could have a broader scope.

C. ENUMERATED LEGISLATIVE POWERS

The matter of TPMs and RMI is not clearly allocated within the constitutional division of powers. Such paracopyright provisions raise issues of international law, copyright, criminal, property, tort, contract, competition, consumer protection, and other commercial law. In terms of the division of powers, this implicates Copyrights, Property and Civil Rights, Trade and Commerce, Criminal Law, and the Peace, Order, and Good Government of Canada. As mentioned, there is considerable overlap between these categories, and the idea that provincial and federal legislators might share responsibility over TPMs and RMI systems is plausible.

Unfortunately, it is unclear what is the exact manner in which to assess constitutional validity at this stage of the analysis.⁸¹ Certainly, *if* the Government's proposal is in pith and substance within federal jurisdiction, there is no constitutional problem regardless of the degree to which it may also affect a provincial power. Parliament can exercise its powers to the fullest extent necessary for effective regulation of areas within its competence. But, at some point, the provisions will lose their link to federal jurisdiction and become in pith and substance a provincial matter.

If the matter is in pith and substance within provincial jurisdiction, the Government's proposal would seem to be constitutionally invalid. But, it is still possible that it might be salvaged if it is necessarily incidental to an overall valid federal scheme.⁸² Constitutional validity will then turn on just how far the provisions have trenched into provincial domain, and

81 Patrick J. Monahan, *Constitutional Law*, 2d ed. (Toronto: Irwin Law, 2002) at 121–23.

82 *Kitkatla*, above note 12.

how integral they are to the overall valid federal scheme.⁸³ Given the Supreme Court's advice that the approach must be flexible rather than technical or formalistic,⁸⁴ the following discussion simply highlights the key considerations.

1) Copyrights

Determining whether TPMs and RMI are sufficiently linked to Copyrights, or whether the Government's proposal goes too far, requires an analysis of the scope of Parliament's authority under section 91(23). The difficulty here is the absence of judicial authority or academic commentary on point. In 138 years of constitutional interpretation, courts have rarely touched on Parliament's authority under the Copyrights clause.⁸⁵ Academic commentary is similarly sparse.⁸⁶

Based on rough sketches of historical, international, conceptual and functional perspectives, it seems that the Copyrights clause gives Parliament the authority to enact legislation with the aim and effect of promoting authors' cultural expression.⁸⁷ Neighbouring rights, protecting performers, record producers, or other distributors are peripheral. Although their constitutional validity is often taken for granted, this has never actually been settled.⁸⁸ Similarly, moral rights may lie nearer to the edge of the Copyrights clause.⁸⁹

83 *Ibid*; see also *General Motors*, above note 11.

84 *Morgentaler*, above note 7 at 481.

85 See for example *Smiles v. Belford*, [1876] O.J. No. 285 (Ont. Ct. Chancery), aff'd [1877] O.J. No. 20 (Ont. C.A.); *R. v. Ferguson*, [1922] 2 W.W.R. 473 (B.C.C.A.); *Composers, Authors & Publishers Ass'n. of Canada v. Elmwood Hotel Ltd.*, [1956] Ex. C.R. 65; *Composers, Authors & Publishers Association of Canada, Ltd. v. Sandholm Holdings Ltd.*, (1955), 24 C.P.R. 58; *Bishop v. Telemetropole Inc.*, (1985), 4 C.P.R. (3d) 349 (F.C.T.D.); *Doulton Canada Inc. v. Cassidy's Ltd.*, [1986] 1 F.C. 357; *Aldrich v. One Stop Video Ltd.* (1987), 13 B.C.L.R. (2d) 106 (S.C.); *Society of Composers, Authors and Music Publishers of Canada v. Landmark Cinemas of Canada*, (1992), 45 C.P.R. (3d) 346; *Evangelical Fellowship of Canada v. Canadian Musical Reproduction Rights Agency*, [2000] 1 F.C. 586 (C.A.); *Private Copying 1999–2000*, above note 58; and *CPCC v. CSMA* above note 60.

86 *deBeer*, above note 6.

87 *Ibid*.

88 See for example Wanda Noel & L.B.Z. Davis, "Some Constitutional Considerations in Canadian Copyright Law Revision (1981) 54 C.P.R. 2d 17.

89 See for example David Vaver, above note 6; and David Vaver, "Authors' Moral Rights in Canada" (1983) IIC 329.

Copyright, neighbouring, and moral rights holders, however, are only part of the equation. The most important thing about copyright law is what it prohibits: copyrights, like all property or monopoly rights, limit what people can do.⁹⁰ Copyrights are, by definition, constraints on individuals' rights.⁹¹ So Parliament's authority includes balancing encouragement for authors against the social interest in dissemination, and against other individuals' basic property, contractual, and constitutional rights. Note that there are three spheres of interests, not two, that require balancing: creators, the general public, and individual consumers.⁹²

Balance is a fundamental principle in copyright law,⁹³ but it is also constitutionally mandated. It might be fine to say that authors' interest and society's interest both fall within the scope of Parliament's power over Copyrights. However, we are not merely pitting copyright against the broad and perhaps vague public interest. We are measuring copyright against other identifiable rights — human rights, contractual rights, and classic property rights.⁹⁴ In fact, this is what *Théberge* was all about. The Court had to weigh one right (a copyright) against another (a classic property right). This aspect of "balance" implicates not just Copyrights but also Property and Civil Rights.

Accordingly, provincial authority over Property and Civil Rights marks the boundary of valid federal Copyrights laws. This is not to say that all Copyrights legislation is an invalid intrusion into a provincial head of power. Parliament may trench into provincial jurisdiction as an incidental consequence of legislating within its constitutional domain. But, at some point, there is a line that cannot be crossed. Because this is not a bright line, difficult cases arise at the margins — legislation in respect of TPMs and RMI systems is an example. In borderline cases, the Supreme Court has candidly noted that the courts must seek to maintain an "appropriate *balance* . . . between the federal and provincial heads of power."⁹⁵ Granted, this sort of balance is different from the traditional balancing for policy reasons, but it would nevertheless be fair to say that balance is constitutionally entrenched in Copyrights law.

90 Jeremy Waldron, "From Authors to Copiers: Individual Rights and Social Values in Intellectual Property" (1993) 68 *Chi.-Kent L. Rev.* 841 at 842.

91 deBeer, above note 6.

92 *Ibid.*

93 Above note 55.

94 See deBeer, above note 6.

95 *Reference re: Firearms Act*, [2000] 1 S.C.R. 783 at para. 48 [*Firearms Reference*], cited in Monahan, above note 81 [emphasis added].

In light of the above analysis of the purpose and effects of the Government's proposed legislation, it could be difficult to characterize it as, in pith and substance, falling within Parliament's authority over Copyrights. Indeed, the relationship between paracopyright provisions and Copyrights seems to be based on a few tenuous links: the putative purpose of facilitating the commercial distribution of works subject to copyright in order to indirectly encourage authors' cultural creativity, the legally ambiguous and perhaps practically meaningless limitations on the effects, and the fact the provisions will be introduced through amendments to the *Copyright Act*.

However, even if the proposed paracopyright provisions are not themselves a matter of Copyrights, they may be "necessarily incidental" to validly enacted federal legislation. There are three questions to consider: do the provisions trench into provincial jurisdiction, are they part of an overall valid federal legislative scheme, and are they sufficiently integrated with that scheme to be upheld.⁹⁶ Since the Government's proposal does seem to trench into provincial jurisdiction over Property and Civil Rights, and we are in presence of an overall valid federal legislation, the *Copyright Act*, the crux of the issue is whether the proposed provisions will be "sufficiently integrated" with the *Copyright Act* to withstand scrutiny.

In different contexts, courts have set down different requirements for sufficient integration. As put by Dickson C.J. in *General Motors*, we must decide "what test of 'fit' is appropriate."⁹⁷ Fit, according to Dickson C.J., looks at how well the provision is integrated into the legislation and how important it is for the efficacy of the legislation as a whole. On the facts of *General Motors*, the Court upheld the impugned legislation as *functionally related* to the general objective of the legislation. By comparison, in *Vapor*, the Court held that the provision in question was *entirely unconnected* to the overall scheme.⁹⁸ Other possible tests include "rational and functional connection,"⁹⁹ "ancillary," "necessarily incidental" and "truly necessary,"¹⁰⁰ "an intimate connection," "an integral part"¹⁰¹ or "a complementary pro-

96 *Kitkatla*, above note 12, at para. 58.

97 *General Motors*, above note 11 at paras. 35–47.

98 *Ibid.* at paras. 67–86.

99 *Papp v. Papp*, [1970] 1 O.R. 331; *R. v. Zelensky*, [1978] 2 S.C.R. 940; *Multiple Access Ltd. v. McCutcheon*, [1982] 2 S.C.R. 161 [*Multiple Access*].

100 *Regional Municipality of Peel v. MacKenzie*, [1982] 2 S.C.R. 9; *R. v. Thomas Fuller Construction Co. (1958) Ltd.*, [1980] 1 S.C.R. 695.

101 *Northern Telecom Ltd v. Communications Workers of Canada*, [1980] 1 S.C.R. 115; *Clark v. Canadian National Railway Co.*, [1988] 2 S.C.R. 680.

vision.”¹⁰² In essence, there is really a spectrum of possible tests — with varying degrees of scrutiny — that one could apply to determine whether a provision is sufficiently integrated with an overall valid legislation.

Applying the *GM* “functionally related” test for integration, paracopyright provisions could be upheld if it was successfully argued that the ultimate, albeit indirect, objective was to encourage authors. Such being the same objective as the *Copyright Act* as a whole, paracopyright provisions would be tools permitting the statute in general to be more workable and efficient. However, this relies on a series of assumptions about the merits or demerits of p2p networks, the role of corporate intermediaries in the creative and distribution process, and the relationship between technology, contract, and copyright. Even on the lowest threshold of integration, therefore, Bill C-60’s paracopyright provisions may fail.

Certainly, paracopyright provisions are by no means “truly necessary” and do not have an “intimate connection” with the rest of the Act. They are clearly not pivotal. The *Copyright Act* operates reasonably well as it is, without such provisions. Cases are now working their way through the courts, indicating that copyright law provides plenty of protection for creators and distributors of digital content.¹⁰³ Obviously, these provisions would be easily severable from the Act.

Precisely which test of “fit” will be applied all depends upon how far the provision intrudes on provincial powers. A provision that “encroaches marginally” may only require a “functional” relationship, whereas a “highly intrusive” provision calls for a stricter test. The more the provision creeps into the other government’s jurisdiction, the harder it will be to sustain its validity.¹⁰⁴

Given the degree to which the Government’s proposal trenches into provincial jurisdiction over Property and Civil Rights, as discussed below, it is possible — although far from certain — that these paracopyright provisions can be sustained as valid federal legislation under the Copyrights clause. Of course, if the proposal was modified to take account of the concerns expressed in this paper, the odds that the legislation would withstand constitutional scrutiny might be increased. Certainly, any broader

102 *MacDonald v. Vapor Canada Ltd.*, [1977] 2 S.C.R. 134 [*Vapor Canada*].

103 Record producers have and will continue to sue under existing copyright law, and have applauded the “blueprint” for doing so, which was recently provided by the Federal Court of Appeal in *BMG Canada Inc. v. Doe*, 2005 FCA 93, <<http://decisions.fca-caf.gc.ca/fca/2005/2005fca193.shtml>>.

104 *General Motors*, above note 11 at paras. 35–47.

provisions would exacerbate the constitutional problems. At least, therefore, Bill C-60 should not be broadened either by the relevant legislative committee before it is enacted or by the courts after it becomes law.

2) Property & Civil Rights

Property and Civil Rights has been interpreted to be among the broadest of all the constitutional heads of power. Monahan notes that starting with *Citizens' Insurance Co. v. Parsons*¹⁰⁵ the Privy Council began to define the provinces' power so as to virtually "encompass the entire field of law-making apart from criminal law."¹⁰⁶ Some might argue, however, that the provinces have jurisdiction over Property and Civil Rights, *except* insofar as Copyrights or certain aspects of Trade and Commerce are involved. While this is generally true to some extent, the lines between these categories are far from clear. And, as mentioned, there is a line that cannot be crossed.

It was suggested above that Bill C-60's paracopyright provisions may be tangentially linked to Copyrights, and despite their intrusion into Property and Civil Rights, could stand if they are sufficiently integrated with an overall valid legislative scheme. However, this may actually state the matter backwards. The Government's proposal might instead fall mainly on the provinces' side of the grey area between Copyrights and Property and Civil Rights. In this light, legislation in respect of TPMs would seem to be in pith and substance a matter of Property and Civil Rights, giving the provinces the right to trench incidentally into Copyrights. It would not seem to be in pith and substance Copyrights, which would give the federal government the right to trench incidentally into Property and Civil Rights. When the true character of the proposed provisions is revealed, this might appear to some to be a "colourable"¹⁰⁷ attempt to expand the boundaries of Copyrights in a constitutionally impermissible manner.

At least, this might be an instance where the double aspect doctrine might apply. This doctrine, although not extinct, is rarely used.¹⁰⁸ Nevertheless, in this case, even if TPMs and RMI systems were mainly a matter

105 (1881), 7 App Cas. 96. (P.C.).

106 Monahan, above note 81 at 311.

107 *Switzman v. Elbling*, [1957] S.C.R. 285 at 303.

108 *Bell Canada v. Québec (Commission de santé et de la sécurité du travail du Québec)*, [1988] 1 S.C.R. 749; *Rio Hotel Ltd. v. New Brunswick (Liquor Licensing Board)*, [1987] 2 S.C.R. 59; *Multiple Access*, above note 100; *Hodge v. The Queen* (1883), 9 App. Cas. 117; *Russell v. The Queen* (1882), 7 App. Cas. 829.

of Copyrights, the provinces should still have a role to play. Undoubtedly, there are significant consumer protection issues to address; TPMs and RMI systems raise important questions about e-commerce and contracting on and offline. If the federal government is not interested in legislating in respect of these important topics, the provinces can and should.

Provincial Attorney Generals must therefore get involved in this copyright debate. This will broaden the base of stakeholders contributing to the conversation, hopefully leading to a well-reasoned and workable framework to govern TPMs and RMI systems. This would surely be a positive development from the perspective of copyright law reform. Indeed, this is one of the primary goals of Canadian federalism as well: "The advantage of a decentralized federal system, then, is that it maximizes opportunities for effective citizen participation."¹⁰⁹ If the provinces were to get involved, the public good would be more strongly felt and abuses would be less extensive.¹¹⁰

3) Trade and Commerce

If the Government's paracopyright provisions are to be upheld, a stronger argument might be made based upon Parliament's Trade and Commerce power than its Copyrights power. The aforementioned *Parsons* case¹¹¹ addressed the line between Property and Civil Rights and Trade and Commerce. The Privy Council divided the federal government's Trade and Commerce power into two branches: first, inter-provincial or international trade, and second, commercial matters affecting the "whole dominion."

Parliament has the sole jurisdiction over goods, people, capital, or services crossing Canadian or provincial territories for the purpose of trade or commerce. But the federal government has no authority over intra-provincial trade. Courts have considerably restricted Parliament's ability to regulate local trade, even if doing so is necessarily incidental to effective regulation of inter-provincial or international trade.¹¹² Parliament can "almost never" affect issues such as the production or marketing of a product through federal legislation.¹¹³

109 Richard E. Simeon, "Criteria for Choice in Federal Systems" (1982-1983) 8 Queen's L.J. 131 at 151.

110 *Ibid.*, citing Montesquieu's view.

111 Above note 106.

112 Monahan, above note 81 at 284.

113 *Ibid.*

This places a significant constraint on the federal government when it comes to enacting provisions that purport to regulate persons who offer circumvention services. More generally, recall that TPMs enforce contracts governing the sale of digital content, which can either be embedded in a physical medium or distributed electronically via the Internet. An encrypted DVD sold pursuant to certain express or implied conditions is an example of the former, a paid download from the Apple iTunes Music Store an example of the latter.

In terms of distributed physical content, it is difficult to say this is a matter of inter-provincial or international trade. Most aspects of the transaction take place within a particular province. Electronic commerce, however, raises novel questions. Both the federal government and the provinces have legislated in this area, although both in a general manner. The federal *Personal Information Protection and Electronic Documents Act*¹¹⁴ is expressly qualified so as to apply only to electronic alternatives in respect of federal laws. The *Ontario E-Commerce Act*,¹¹⁵ on the other hand, applies more broadly. It is presently unclear how a jurisdictional scuffle in this area might be resolved.

As for commercial issues affecting the whole dominion, *General Motors* is a leading authority.¹¹⁶ According to then-Chief Justice Dickson, there are five criteria for this second branch to apply. For federal legislation to be a valid exercise of the Parliament's jurisdiction over the "general" trade branch of trade and commerce, the act or section must be: (1) part of a general regulatory scheme; (2) monitored by the continuing oversight of a regulatory agency; (3) concerned with trade as a whole rather than with a particular industry; (4) of a nature that the provinces jointly or severally would be constitutionally incapable of enacting; and (5) jeopardized by the failure to include one or more provinces or localities in a legislative scheme.¹¹⁷ Chief Justice Dickson also indicated that these criteria are not determinative, and that the main factor to consider was whether the issue being addressed was a national economic concern and "not just a collection of local ones."¹¹⁸

114 *Personal Information Protection and Electronic Documents Act*, 2000, c. 5, <<http://laws.justice.gc.ca/en/p-8.6/text.html>>.

115 *Electronic Commerce Act*, 2000, S.O., c. 17, <www.e-laws.gov.on.ca/DBLaws/Statutes/English/ooe17_e.htm>.

116 *General Motors*, above note 11.

117 *Ibid.* at 643–44; *Vapor Canada*, above note 103.

118 *General Motors*, above note 11 at 662–63

It would be an uphill battle to convince any court that the matter of TPMs and RMI systems affects the whole dominion. Aside from the fact there is no complete regulatory scheme, nor any regulatory agency overseeing this issue, this issue does not affect trade as a whole. It mainly affects the business models of record producers, motion picture studios, and a limited number of other entities that distribute particular types of digital products. Moreover, the provinces have demonstrated their ability to regulate other aspects of commerce, particularly electronic commerce. The exclusion of a particular province would not jeopardize effective regulation of TPMs and RMI systems.

4) Criminal law

Generally speaking, there are three indicia of valid federal legislation in respect of Criminal Law: there must be a prohibition of certain activity; the prohibition must be accompanied by a penalty for breach; and the law must be enacted for a “criminal . . . public purpose,” defined as including “[p]ublic peace, order, security, health, morality.”¹¹⁹ Copyright law in Canada and abroad does incorporate some criminal sanctions. One might argue that the paracopyright provisions could stand under the Criminal Law power, given that there is clearly a prohibition and that there apparently are penal consequences for breach of the prohibition. The copyright, neighbouring, or moral rights holder will be entitled to all remedies conferred by law for the infringement of a right. However, even the Canadian Recording Industry Association, one of the principal lobbyists for tougher copyright laws, agrees that this matter is not and should not be about criminal law sanctions.¹²⁰

In the *Margarine Reference*,¹²¹ legislation prohibiting dealings in margarine was enacted in order to protect the dairy industry by banning products that would compete with butter. This was not a valid Criminal Law purpose. Similarly, legislation protecting the copyright industries has an economic purpose of regulating commercial dealings between private parties.

119 Monahan, above note 81 at 332, citing *Reference re Dairy Industry Act (Canada)* S.5(a), [1949] S.C.R. 1 at 50 [*Margarine Reference*].

120 The Association's president, Graham Henderson, said on CTV's Canada A.M. the week prior to the tabling of the proposed legislation: “This isn't providing a criminal remedy. ... It's a civil remedy. ... I don't think anybody would want to get into the business of applying criminal sanctions to 16-year-olds who are downloading music or film products.” <www.ctv.ca>.

121 Above note 120.

On the other hand, the Supreme Court has given Parliament much leeway with the amorphous concepts such as health and morality under Criminal Law. This stands in contrast to the constraints it has imposed on the Trade and Commerce power, for example.¹²² Therefore, although it would be intuitively difficult to see this as a matter affecting public peace, order, security, health or morality, the breadth of Parliament's Criminal Law power could conceivably support the Government's proposal.

5) Peace, Order, and Good Government of Canada

Parliament's power to legislate for the Peace, Order, and Good Government of Canada (POGG) encompasses at least three areas: new matters, emergencies, and issues of national importance. Courts are now very reluctant to allow federal jurisdiction over new matters, as such matters usually touch upon other heads of power.¹²³ Despite the cutting-edge nature of some TPMs, the emergence of new RMI systems and the modern phenomenon of p2p networking, these are clearly not "new matters" for constitutional purposes; they can surely be linked to existing heads of power.

A court last applied the emergency power in the *Anti-Inflation Reference*.¹²⁴ It would be inapplicable here since Bill C-60's paracopyright provisions are not temporary. Moreover, it would be inappropriate to say that circumvention is an emergency that warrants the exercise of Parliament's POGG powers.

If the underlying problem addressed by paracopyright provisions is to be considered a matter of national importance, the Government must meet the test set in *R. v. Crown Zellerbach*.¹²⁵ This means it must have a "singleness, distinctiveness and indivisibility that clearly distinguishes it from matters of provincial concern and a scale of impact on provincial jurisdiction that is reconcilable with the fundamental distribution of legislative power under the Constitution."¹²⁶ It is doubtful this issue is a matter of national importance — unless, however, it could be shown that this

122 Monahan, above note 81 at 133, citing cases such as *RJR-MacDonald Inc v Canada* (A.G.), [1995] 3 S.C.R. 199.

123 The Supreme Court last applied this concept in *R. v. Hauser*, [1979] 1 S.C.R. 984, where the Court held that the *Narcotic Control Act* was a valid expression of Parliament's POGG power because it dealt with a genuinely new problem.

124 *Reference re Anti-Inflation Act*, above note 65.

125 *R. v. Crown Zellerbach*, [1988] 1 S.C.R. 401.

126 *Ibid.* at para. 33.

branch of the POGG power includes the authority to implement international treaties.

Recall that the stated purpose of Bill C-60 is to implement the WIPO Internet Treaties into Canadian domestic law. An argument could be made — although it has never yet been successful — that Parliament has constitutional authority to implement international treaties, regardless of whether the subject matter would otherwise fall within provincial jurisdiction.

It is accepted that the federal government has the power to make treaties on behalf of Canada, although neither the power to make nor the power to implement an international treaty is found in the *Constitution Act, 1867*.¹²⁷ If legislation is necessary to bring domestic law into compliance with a treaty, constitutional jurisdiction over that legislation follows the division of legislative powers between Parliament and the provincial legislatures. Lord Atkin articulated the generally accepted rule in the *Labour Conventions* case: “there is no such thing as treaty legislation as such. The distribution is based on classes of subjects; and as a treaty deals with a particular class of subjects so will the legislative power of performing it be ascertained.”¹²⁸

Some commentators have criticized this statement, and, in *Vapor Canada*,¹²⁹ Chief Justice Laskin, revisiting the *Labour Conventions* case, wrote this:

In my opinion, assuming Parliament has power to pass legislation implementing a treaty or convention in relation to matters covered by the treaty or convention which would otherwise be for provincial legislation alone, the exercise of that power must be manifested in the implementing legislation and not be left to inference. The Courts should be able to say, on the basis of the expression of the legislation, that it is implementing legislation.

It appears from the inclusion of the phrase “in conformity with WCT and WPPT” that the Government may intend to rely on this exact passage.

In recent years, some have argued that Chief Justice Laskin’s *dictum* suggests that Parliament may be able to implement international treaties, even within provincial jurisdictions, as long as Parliament expressly

127 With the exception of the “empire treaty” provision in s. 132.

128 *A.G. Canada v. A.G. Ontario*, [1937] A.C. 326 at 355.

129 *Vapor Canada*, above note 103.

states its rationale in the legislation.¹³⁰ Other experts, however, do not think courts would overrule such a long-standing decision, even though it has proven to be controversial.¹³¹ Canada is still able to act effectively on the international stage.¹³² The concurring opinion of L'Heureux-Dubé in *Thompson v. Thompson*,¹³³ which explicitly recognizes that the implementation of a specific Convention was within the jurisdiction of the provinces, also provides support for the existing rule.¹³⁴

Ultimately, it is unclear whether the Government could justify its proposed paracopyright provisions on the basis of the *WCT* and *WPPT* alone. Other than Chief Justice Laskin's passing remarks, the case law seems to suggest that Parliament cannot gain competence over a matter under provincial jurisdiction by implementing an international treaty obligation assumed by Canada.

D. CONCLUSION

There are doubts whether Parliament has the authority to legislate in respect of TPMs and RMI systems. In pith and substance, this matter involves the technological, contractual, and commercial terms of distribution of digital materials. Although there is a tangential link to the federal Copyrights power, the matter might more appropriately be placed within provincial authority over Property and Civil Rights. Similarly, although this is a commercial matter, it seems not to fall within the federal Trade and Commerce power and is consequently for the provinces to deal with. This does not seem like a Criminal Law matter, although that particular federal domain has been interpreted broadly. It is unclear whether the federal government has a general treaty-implementation power that would

130 J-M Arbour, *Droit International Public*, 4e Ed., (Cowansville, QC: Éditions Yvons Blais, 2002) at 166; P.W. Hogg, *Constitutional Law of Canada*, Looseleaf (Toronto: Carswell, 1996) at 11–13.

131 Monahan, above note 81 at 299. Monahan admits the rule may handcuff Canada when it comes to international treaty-making and implementation. However, it could be said that this is one of the prices of federalism, and provincial autonomy could be threatened if every treaty made by the federal government led to an automatic increase in the legislative authority of Parliament. See also P.W. Hogg, *Constitutional Law of Canada*, 4th ed., (Toronto: Carswell, 1997) at 300–3.

132 *Ibid.*

133 *Thompson v. Thompson*, [1994] 3 S.C.R. 551, <www.lexum.umontreal.ca/csc-scc/en/pub/1994/vol3/html/1994scr3_0551.html> at 612.

134 Gérard A. Beaudoin, *La Constitution du Canada*, 3d ed., (Montreal: Wilson & Lafleur, 2004) at 773.

justify its proposed legislation. In general, the broader the proposed provisions, the further they are from federal jurisdiction and the more they trench into provincial powers. As is, the proposal may not be sufficiently precise or integrated into an overall valid federal scheme to be sustained as necessarily incidental. At minimum, there are aspects of this matter that fall within the provincial sphere. All of this suggests that provincial Attorney Generals and other provincial policy-makers ought to actively participate in the debate.

Deflating the Michelin Man:

Protecting Users' Rights in the Canadian Copyright Reform Process

Jane Bailey*

One of the public policy principles underlying the Act is the need to maintain an appropriate balance between the rights of copyright owners and the needs of intermediaries and users.¹

A. INTRODUCTION

On 20 June 2005, the Canadian government introduced Bill C-60, *An Act to Amend the Copyright Act*.² Bill C-60 resembled in many ways the government's March 2005 announced intention to table legislation proposing

* This paper was made possible through the generous contributions made by Bell Canada Inc. and the Ontario Research Network for Electronic Commerce to a larger research project of which this work forms a part. Thanks to my colleagues Jennifer Chandler, Jeremy deBeer, Michael Geist, and Ian Kerr for their input, as well as to two anonymous peer reviewers for their very helpful comments on an earlier version of this paper. Thank you also to Adrienne Telford, Louisa Garib, and Joanna Venditti for their unflagging research support and editorial contributions. I would also be remiss if I did not thank Jeremy Teplinsky for doing his best to keep me up to date on Phish.

1 [Emphasis added.] Canada, *Government of Canada Statement on Proposals for Copyright Reform* (24 March 2005), online: <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp01142e.html>> [Statement].

2 Bill C-60, *An Act to amend the Copyright Act*, 1st Sess., 38th Parl., 2004–2005, <www.parl.gc.ca/common/Bills_House_Government.asp?Language=E&Parl=38&Ses=1#C-60>.

certain copyright reforms (the “Statement”).³ The Statement was issued contemporaneously with the government’s response to the Standing Committee on Canadian Heritage’s (“SCCH”) May 2004 *Interim Report on Copyright Reform* (the “Interim Report”).⁴ Despite the profound impact of copyright itself and the would-be protection of technological protection measures (“TPMs”) on freedom of expression, neither the Statement nor the Interim Report⁵ even adverted to this *Charter* protected right.⁶ Instead, the Statement mischaracterized the constitutional and statutory rights of users as “needs,” in notable contrast with the “rights” of copyright holders.⁷ Unfortunately, Bill C-60 appears equally inattentive to the rights of users.⁸

While the *Copyright Act* (the “Act”)⁹ confers certain rights on copyright holders, the Supreme Court of Canada (“SCC”) has also confirmed that the Act confers rights on users that are designed to serve the public interest in a healthy and innovative marketplace of ideas.¹⁰ Largely absent, both now and throughout the history of Canadian copyright law,¹¹ has been express recognition that since the entrenchment of the *Charter* in 1982,

3 Above note 1.

4 Canada, Standing Committee on Canadian Heritage, *Interim Report on Copyright Reform: Report of the Standing Committee on Canadian Heritage* (Canada: May 2004), <www.parl.gc.ca/InfocomDoc/Documents/37/3/parlbus/commbus/house/reports/herirp01-e.htm> [Interim Report].

5 The Interim Report referred to the *Charter* only once — and most likely in relation to the process protections guaranteed by s. 7 of the *Charter*, rather than to the s. 2(b) rights relating to freedom of expression. Specifically, it recommended that ISPs with actual or constructive knowledge of infringing content be “required to comply with a ‘notice and takedown’ scheme that is compliant with the Canadian Charter of Rights and Freedoms”: Interim Report, *ibid.* at 7.

6 Part I of the *Constitution Act*, 1982 being Schedule B to the *Canada Act 1982* (U.K.), 1982, c. 11 s. 2(b), <www.canlii.org/ca/const_en/const1982.html> [*Charter*].

7 Interim Report, above note 4 at 16, 19; Statement, above note 1.

8 Jack Kapica “Copyright bill satisfies recording industry” *Globe and Mail* (20 June 2005), online: <www.globetechnology.com/servlet/story/RTGAM.20050620.gtbillo620/BNStory/Technology/> [Kapica].

9 R.S.C. 1985, c. C-42, as am., <www.canlii.org/ca/sta/c-42/> [the Act].

10 *CCH Canadian Ltd. v. Law Society of Upper Canada*, 2004 SCC 13, <www.canlii.org/ca/cas/scc/2004/2004scc13.html>, [2004] 1 S.C.R. 339 at paras. 11–12, 48; 2004 Can. Sup. Ct. LEXIS 15 [*CCH* cited to S.C.R.].

11 With respect to the largely unexplored connection between the *Charter* and copyright in Canada, see: David Fewer, “Constitutionalizing Copyright: Freedom of Expression and the Limits of Copyright in Canada” (1997) 55 U.T. Fac. L. Rev. 175 [Fewer]. See also: Ysolde Gendreau, “Canadian Copyright Law and Its Charters” in Jonathan Griffiths & Uma Suthersanen, eds., *Copyright and Free Speech* (Oxford: Oxford University Press, 2005) 245 [Gendreau].

whenever Parliament purports to exercise its section 91(23)¹² power in relation to copyright, its exercise of that power must conform with the *Charter*-protected right to freedom of expression.¹³ Protection of users' rights is essential to maintaining a balance within the Act consistent with that constitutional guarantee.¹⁴ In proceeding on any purported¹⁵ exercise of its copyright power, the federal government should take into consideration *Charter*-based concerns relating to the constitutional validity of the current Act, which stand only to be exacerbated by explicitly extending legislative protection to TPMs.¹⁶

Bill C-60 and the Statement, without explicitly recognizing the *Charter* protected rights of users, suggest a potentially more equitable compromise between users' rights and those of copyright holders than did the Interim Report.¹⁷ The Bill also appears to have been drafted with a view to better protecting freedom of expression than does the United States' legislative

12 Section 91(23) of the *Constitution Act, 1867* (U.K.), 30 & 31 Vict., c. 3, as am. [*Constitution Act 1867*] identifies "copyrights" as falling within the legislative jurisdiction of federal Parliament.

13 *Charter*, above note 6, s. 2(b).

14 The SCC has made clear that the exercise of s. 91 and 92 powers is subject to *Charter* review: *New Brunswick Broadcasting Co. v. Nova Scotia*, 1993 SCC 10, <www.canlii.org/ca/cas/scc/1993/1993scc10.html>, [1993] 1 S.C.R. 319 at 392; see also *Reference re Provincial Electoral Boundaries (Sask.)*, 1991 SCC 53, <www.canlii.org/ca/cas/scc/1991/1991scc53.html>, [1991] 2 S.C.R. 158 at 192.

15 As others have pointed out, there is also a serious question as to whether extending protection to TPMs falls within the federal head of power under s. 91 of the *Constitution Act 1867*: Jeremy deBeer & Guy Régimbald, "Constitutional Authority Over Copyrights & Private Copying," <<http://ssrn.com/abstract=720223>>. Full text: <http://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID731943_code395605.pdf?abstractid=720223&mirid=1>.

16 As Kerr, Maurushat, & Tacit have noted, copyright holders and TPMs are arguably already protected by two layers of law in Canada — copyright law and contract law: Ian Kerr, Alana Maurushat, & Christian Tacit, "Technical Protection Measures: Tilting at Copyright's Windmill" (2002–2003) 34 *Ottawa L. Rev.* 7 at 43–45, <www.commonlaw.uottawa.ca/faculty/prof/ikerr/CVArticles/TechnologicalProtectionMeasures-TiltingatCopyrightsWindmill.pdf> [Kerr *et al.*].

17 The Interim Report, for example, simply recommended ratification of the WIPO Treaties (*World Intellectual Property Organization Copyright Treaty*, 20 December 1996, S. Treaty Doc. No. 105-17, 36 I.L.M. 65 [WCT] and *World Intellectual Property Organization Performances and Phonograms Treaty*, 20 December 1996, S. Treaty Doc. No. 105-17, 36 I.L.M. 76 [WPPT]) without analysis of the impacts of extensive protection of TPMs on the common law balance between users' and copyright holders' rights. For a brief analysis see: Russel McOrmond, "CIPPIC/PIAC Responds to Bulte Report on Copyright Reform" *Digital Copyright Canada* (21 June 2004), online: <www.digital-copyright.ca/node/view/410>.

response to online copyright issues in the *Digital Millennium Copyright Act* ("DMCA").¹⁸ Not only should the Canadian government stand firm against pressures from south of the border to exponentially expand legal protections for TPMs,¹⁹ it should further tailor the proposed legislation to better protect the constitutional rights of users.

The implications of Bill C-60's TPM-related proposals for freedom of expression will be explored in three parts. Part I contrasts the TPM-related recommendations in the Interim Report with those contained in the Statement and Bill C-60, noting the Bill's proposal to tie legislative protection for TPMs to acts of infringement as currently defined in the Act. Part II explores the relationship between freedom of expression and Canada's existing copyright regime, suggesting its constitutional validity should not be presumed. Part III explores the ways in which legislated protection of TPMs would deepen the Act's incursion on freedom of expression. It notes the ways in which Bill C-60 could minimize that incursion, but also suggests further constitutional contouring to ensure that any future legislation to protect TPMs more explicitly recognizes and protects users' rights and the public interest.

18 *Digital Millennium Copyright Act*, Pub. L. No. 105-304, 112 Stat. 2860 (1998) (codified as various amended sections of 17 U.S.C.), <<http://thomas.loc.gov/cgi-bin/query/z?c105:H.R.2281.ENR>>. The focus of this article will be on comparing the Canadian and U.S. responses, although numerous other countries have also domestically implemented the WIPO Treaties. For a helpful summary, see: Kerr *et al.*, above note 16 at 58-64.

19 See U.S., The United States Trade Representative, *Special 2005 301 Report* (May 2005) at 37-38, <www.ustr.gov/assets/Document_Library/Reports_Publications/2005/2005_Special_301/asset_upload_file195_7636.pdf>: "The U.S. copyright industry is concerned about proposed copyright legislation regarding technological protection measures and internet service provider (ISP) liability, which if passed, would appear to be a departure from the requirements of the WIPO Internet Treaties as well as the international standards adopted by most OECD countries in the world. The United States urges Canada to adopt legislation that is consistent with the WIPO Internet Treaties and is in line with the international standards of most developed countries. Specifically, we encourage Canada to join the strong international consensus by adopting copyright legislation that provides comprehensive protection to copyrighted works in the digital environment, by outlawing trafficking in devices to circumvent technological protection measures, and by establishing a "notice-and-takedown" system to encourage cooperation by ISPs in combating online infringements."

B. THE INTERIM REPORT, THE STATEMENT, AND BILL C-60

The Interim Report referred to TPMs on only four occasions, primarily to suggest that technological measures alone were insufficient to protect the interests of copyright holders.²⁰ Nonetheless, the Report explicitly recommended immediate ratification of the WIPO Treaties,²¹ noting the requirement for their signatories to provide

... adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by authors in connection with the exercise of their rights under the WIPO Treaties or the Berne Convention and that restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law.²²

The Interim Report also recommended development of licensing schemes for material that is not publicly available on the Internet, defining “publicly available” in part by reference to whether access to or use of that material is limited by a TPM.²³

In contrast with the Interim Report’s broad-brush endorsement of extending legal protection to TPMs, the Statement recommended what appeared to be more specific and discrete protections relating to TPMs, which the federal government claimed would provide:

- “rights holders with greater confidence to exploit the Internet as a medium of dissemination”;
- “consumers with a greater choice of legitimate material”; and
- “stronger remedies against the misuse of the Internet for disseminating material which infringes copyright.”²⁴

With respect to TPMs, the Statement specifically proposed:

[T]he circumvention, for infringing purposes, of technological protection measures (TPMs) applied to copyright material would itself constitute an act of infringement of copyright. Copyright would also be infringed by persons who, for infringing purposes, enable or facilitate circumvention or who, without authorization, distribute copy-

20 Interim Report, above note 4 at 15–16, 19, 23.

21 Above note 17.

22 Interim Report, above note 4 at 20.

23 *Ibid.* at 23 (Recommendations 4 and 5).

24 Statement, above note 1 at para. 7.

right material from which TPMs have been removed. It would not be legal to circumvent, without authorization, a TPM applied to a sound recording, notwithstanding the exception for private copying.²⁵

The Statement appeared to suggest two key features of the then-impending proposed amendments to the Act that would prohibit circumvention, enabling or facilitating circumvention and the distribution of material from which TPMs have been removed:

- i) the prohibitions would relate only to copyright material, such that there would be no legislative protection for TPMs that protect non-copyright material (e.g. works in the public domain); and
- ii) the Acts of circumvention, enabling or facilitating circumvention would only be prohibited where executed for purposes of infringement, such that none of these acts would amount to infringement, where done, for example, in order to exercise existing users' rights (e.g. the right to fair dealing).²⁶

However, as Michael Geist had predicted before the release of Bill C-60, the devil is, of course, in the details of the tabled legislation.²⁷ The Bill addresses TPM circumvention in two ways:

- i) expansion of the definition of copyright infringement to include circumvention of a TPM taken in conformity with new provisions relating to distance education;²⁸ and

25 *Ibid.* at para. 8.

26 As defined in ss. 29–29.2, 30–32 of the Act, above note 9.

27 Michael Geist “Government’s new copyright plan more balanced” *The Toronto Star* (28 March 2005), online: <www.michaelgeist.ca/resc/html_bkup/mar282005.html>.

28 The distance education provisions appear to be intended to facilitate telecommunication of lessons involving copyright material, but impose complicated requirements for educators to “take measures” designed to limit communication of the fixed material only to those enrolled in the particular course and only for the duration of the course: Michael Geist “Canadian copyright bill a missed opportunity” *The Toronto Star* (27 May 2005), online: <www.michaelgeist.ca/resc/html_bkup/june272005.html>.

Libraries, in order to avoid liability relating to providing copies, would also be required to “take measures that can reasonably be expected to prevent the making of any reproduction of” a digital or reproduced copy “other than a single printing, its communication, or its use for a period of more than seven days”: Bill C-60, above note 2 ss. 15, 18, 27.

- ii) expansion of the civil remedies section of the current Act to provide copyright holders with the same civil remedies for certain circumvention-related acts as are currently available for infringement.²⁹

This paper will focus on the second aspect — civil remedies for certain circumvention-related acts. The Bill would amend the civil remedies section of the current section 34 to provide rights holders with the same civil remedies to which they are currently entitled for infringement, but in this case as against:

- a person who, without consent of the rights holder, “circumvents, removes or in any way renders ineffective” a TPM “for the purpose of an act that is an infringement of copyright or the moral rights” in respect of the protected work or for the purpose of making a personal copy pursuant to section 80(1) of the Act;³⁰
- a person who “offers or provides a service to circumvent, remove or render ineffective” a TPM “and knows or ought to know that providing the service will result in an infringement” of copyright or moral rights;³¹ and
- a person who, among other things, sells, distributes or imports into Canada for those purposes a work from which a TPM has been removed or rendered ineffective in circumstances not giving rise to a remedy under section 27, where that person “knows or ought to know that the” TPM has been “removed or rendered ineffective.”³²

Bill C-60 would expose to civil liability (including thousands of dollars in statutory damages³³) individuals falling into any of three categories: users who circumvent, circumvention “service” providers and subsequent distributors or sellers (as well as those importing for those purposes) of works where TPMs were previously lawfully circumvented. Users who circumvent would be liable where they circumvent for the purpose of infringement.³⁴ Users would be liable for offering or providing a circumvention “service” where they know or ought to know that infringement will result. Users of

29 *Ibid.* s. 27 (proposing the addition of a new s. 34.01 to the current Act).

30 *Ibid.* s. 27 (proposing addition of s. 34.02(1)).

31 *Ibid.* s. 27 (proposing addition of s. 34.02(2)).

32 *Ibid.* s. 27 (proposing addition of s. 34.02(3)).

33 The Act, above note 9, s. 38.1.

34 That users would also be legally prohibited from making personal copies of works is particularly troublesome, given that consumers pay a levy on blank recording media that is specifically designed to compensate copyright holders: Kapica, above note 8.

works where a TPM was previously lawfully circumvented would be liable for sale, distribution and certain other acts where they know or ought to know the TPM has been removed or rendered ineffective.

Overall, it would appear that Bill C-60's protections relating to circumvention of TPMs are not intended to expand the scope of material covered by copyright, or to expand the concept of infringement, except insofar as a TPM is circumvented in order to carry out what would currently constitute infringement. However, the government should not assume that freedom of expression concerns will be avoided simply because legal protection of TPMs is tied to infringement under the current Act. While in the past certain aspects of the Act have survived scrutiny under section 2(b) of the *Charter*, legitimate concerns remain as to its constitutionality. Bill C-60's proposals to expand the Act's expressive restrictions in order to protect TPMs only serve to intensify those concerns.

C. FREEDOM OF EXPRESSION AND COPYRIGHT

Historically, Canadian law, lawmakers and the general public have not focused on the connection between copyright and freedom of expression.³⁵ Prior to constitutional entrenchment of freedom of expression with the coming into force of the *Charter* in 1982, this was perhaps understandable.³⁶ However, since 1982 the lack of attention paid in Canada to this connection stands in sharp contrast with legal history in the United States, where the effect of copyright on the First Amendment³⁷ protected right to free speech has been extensively explored in jurisprudence, academic literature and in congressional and senate debates relating to copyright reform.³⁸ The effects of the *DMCA* have been relatively consistent with the

35 This was noted and commented upon in detail by Fewer and by Gendreau, above note 11. Kerr, Maurushat, & Tacit flagged the freedom of expression issues arising in the related context of TPMs: Kerr *et al.*, above note 16.

36 Although the Canadian Bill of Rights, the antecedent of the *Charter*, protected such fundamental freedoms as freedom of expression, it was not constitutionally entrenched and therefore did not override acts of government: *Canadian Bill of Rights*, S.C. 1960, c. 44, reprinted in R.S.C. 1985, App. III. As Dickson C.J. noted in *Keegstra*, below note 41 at para. 26: "Without explicit protection under a written constitution ... the freedom of expression was not always accorded careful consideration in pre-*Charter* cases."

37 U.S. Const. amend. I, <www.archives.gov/national_archives_experience/charters/bill_of_rights_transcript.html>.

38 Fewer, above note 11 at 178–79. However, even in the United States, the connection between copyright and freedom of expression was largely ignored until the

deference afforded to copyright in much First Amendment-related litigation, although are seemingly quite inconsistent with the United States' enduring reputation for vociferously protecting freedom of expression in other areas.³⁹ Canada has the opportunity to proceed in a way that takes better account of all of the expressive interests at stake. Any legislative protection of TPMs should be contoured to minimize constraints on access to and use of information, which form an integral part of Canada's international human rights obligations, as well as the *Charter*-protected right to freedom of expression.

1) Freedom of Expression

Section 2(b) of the *Charter* states that everyone has “freedom of thought, belief, opinion and expression, including freedom of the press and other media of communication.”⁴⁰

Canadian *Charter* decisions discussing the values underlying protection of freedom of expression frequently cite classic liberal theory focusing both on the social utility of promoting the search for truth and encouraging and enabling informed democratic participation, as well as the intrinsic value of individual self-fulfillment associated with free expression.⁴¹ Promotion and protection of freedom of expression are intended to

1970s: Eric Barendt, “Copyright and Free Speech Theory” in Jonathan Griffiths & Uma Suthersanen, eds., *Copyright and Free Speech* (Oxford: Oxford University Press, 2005) 11 at 14 [Barendt].

39 See for example Pamela Samuelson, below note 162 at 543; Yochai Benkler, “Free as the Air to Common Use: First Amendment Constraints on Enclosure of the Public Domain” (1999) 74 N.Y.U. L. Rev. 354 at 420–22, 427–29, <www.yale.edu/lawweb/jbalkin/telecom/benklerfreeastheairtocommonuse.pdf> [Benkler].

Barendt also suggests that the approach taken to the relationship between freedom of expression and copyright in the United States has been characterized by a deference to copyright uncharacteristic of approaches taken with respect to free expression and other forms of speech such as defamation: above note 38 at 14–16.

40 *Charter*, above note 6, s. 2(b).

41 See for example *Irwin Toy Ltd. v. Quebec (Attorney General)*, 1989 SCC 37, <www.canlii.org/ca/cas/scc/1989/1989scc37.html>, [1989] 1 S.C.R. 927 at 976, [*Irwin Toy* cited to S.C.R.]; *R. v. Keegstra*, [1990] 3 S.C.R. 697 at 728–29, <www.canlii.org/ca/cas/scc/1990/1990scc128.html> [*Keegstra* cited to S.C.R.]; and *R. v. Zundel*, 1992 SCC 72, <www.canlii.org/ca/cas/scc/1992/1992scc72.html>, [1992] 2 S.C.R. 731 at 752.

foster a healthy and vibrant marketplace of ideas⁴² that serves the public as, among other things, an important source of future innovation.

The jurisprudence of the SCC sustains a robust vision of freedom of expression, notwithstanding the fact that the Court has accepted the legitimacy of numerous legislative restrictions on it.⁴³ In keeping with Canada's international human rights obligations,⁴⁴ the SCC has interpreted this freedom broadly to encompass not only the right to impart information, but also the right to receive it:

There is another aspect to freedom of expression which was recognized by this Court in *Ford v. Quebec* ... There ... it was observed that freedom of expression "protects listeners as well as speakers."⁴⁵

Both the right to speak and the right to listen are essential features of the cycle of innovation. In this cycle, today's listener can be thought of as a creator-in-waiting. Access to and use of information and ideas expressed by others act as building blocks for future expression and creation, converting today's creators-in-waiting into tomorrow's creators.⁴⁶ The signifi-

42 John Stuart Mill, *On Liberty*, ed. by Alburey Castell (Illinois: AHM, 1947), Plain text: <http://wikisource.org/wiki/On_Liberty>; A. Meiklejohn, *Political Freedom* (New York: Oxford University Press, 1965); Thomas Emerson, "Toward a General Theory of the First Amendment" (1963) 72 Yale L.J. 877.

43 Such as hate speech, see *Keegstra*, above note 41; and *Canada (Human Rights Commission) v. Taylor*, 1990 SCC 130, <www.canlii.org/ca/cas/scc/1990/1990scc130.html>, [1990] 3 S.C.R. 892; child pornography, see *R. v. Sharpe*, 2001 SCC 2, <www.canlii.org/ca/cas/scc/2001/2001scc2.html>, [2001] 1 S.C.R. 45; obscenity, see *R. v. Butler*, 1992 SCC 15, <www.canlii.org/ca/cas/scc/1992/1992scc15.html>, [1992] 1 S.C.R. 452; and various forms of commercial speech, see *Irwin Toy*, above note 41; and *Ford v. Quebec (Attorney General)*, 1988 SCC 94, <www.canlii.org/ca/cas/scc/1988/1988scc94.html>, [1988] 2 S.C.R. 712 [*Ford* cited to S.C.R.].

44 Both the *International Covenant on Civil and Political Rights*, 19 December 1966, 999 U.N.T.S. 171, arts. 9–14, Can. T.S. 1976 No. 47, Art. 19(2) (entered into force 23 March 1976, accession by Canada 19 May 1976), <www.pch.gc.ca/progs/pdp-hrp/docs/iccpr/cn1_e.cfm> and the *Universal Declaration of Human Rights*, GA Res. 217(III), UN GAOR, 3d Sess., Supp. No. 13, UN Doc. A/810 (1948) 71, Art. 19 speak of protecting the right to seek and to impart information, <www.un.org/Overview/rights.html>.

45 *Edmonton Journal v. Alberta (Attorney General)*, 1989 SCC 131, <www.canlii.org/ca/cas/scc/1989/1989scc131.html>, [1989] 2 S.C.R. 1326 at 1339.

46 As Richard Moon has noted, "[t]he creation of meaning is a shared process, something that takes place between speaker and listener. A speaker does not simply convey a meaning that is passively received by an audience. Understanding is an active, creative process in which listeners take hold of, and work over the

cant role of public institutions such as libraries and schools in facilitating this cycle and equitably distributing opportunities to access knowledge cannot be overstated.⁴⁷

The SCC has verified the importance of access to information in a well-functioning democracy, explicitly recognizing the ways in which it serves the fundamental values underlying freedom of expression. The Court has held that the right to advertise is constitutionally protected expression, in part because receiving **commercial advertising serves the purpose of better** insuring informed economic decisions,⁴⁸ that the right to receive information on public institutions and governance insures informed democratic participation,⁴⁹ and that the right to import erotic expressive materials relates to individual self-fulfillment.⁵⁰ The right to access information is, therefore, an enshrined constitutional right that forms part of Canada's supreme law, the violation of which is prohibited unless justifiable in a free and democratic society.⁵¹ If the government acts to restrict that right, it bears the burden of proving that restriction is justified.

Canadian jurisprudence on freedom of expression is not limited to the classic liberal interpretation of constitutional rights as rights *against* government action.⁵² The SCC's section 2(b) decisions explicitly recognize that

symbolic material they receive, locating and evaluating this material within their own knowledge or memory": Richard Moon, *The Constitutional Protection of Freedom of Expression* (Toronto: University of Toronto Press, 2000) at 23–24 [Moon].

47 As Andrew Carnegie said, public institutions such as libraries "only help those who help themselves. They never pauperize. They reach the aspiring and open to these chief treasures of the world — those stored up in books": T. Rub, "The Day of Big Operations: Andrew Carnegie and His Libraries" (1985) 173:7 *Architectural Record* 81 at 81.

48 *Ford*, above note 43 at 766–67.

49 *Harper v. Canada (Attorney General)*, 2004 SCC 33, <www.canlii.org/ca/cas/scc/2004/2004scc33.html> at para. 8 (dissent), [2004] 1 S.C.R. 827. *Vancouver Sun (Re)*, 2004 SCC 43, <www.canlii.org/ca/cas/scc/2004/2004scc43.html>, [2004] 2 S.C.R. 332 at para. 26.

50 *Little Sisters Book and Art Emporium v. Canada (Minister of Justice)*, 2000 SCC 69, <www.canlii.org/ca/cas/scc/2000/2000scc69.html> at paras. 101, 123, [2000] 2 S.C.R. 1120.

51 *Charter*, above note 6, ss. 1 & 52.(1).

52 See *Haig v. Canada*, 1993 SCC 84, <www.canlii.org/ca/cas/scc/1993/1993scc84.html>, [1993] 2 S.C.R. 995 at 1039; *Reference re Public Service Employee Relations Act (Alta.)*, [1987] 1 S.C.R. 313 at 361, in which Dickson C.J. (dissenting) stated: "Section 2 of the *Charter* protects fundamental 'freedoms' as opposed to 'rights.'" Although these two terms are sometimes used interchangeably, a conceptual distinction between the two is often drawn. 'Rights' are said to impose a corresponding duty or obligation on another party to ensure the protection of the

freedom of expression may require not just a *constraint* on government action, but may impose a *positive obligation* on government to create an environment in which the freedom can flourish.⁵³ As L'Heureux-Dubé J., writing for the Court, noted in *Haig*:

... a situation might arise in which, in order to make a fundamental freedom meaningful, a posture of restraint would not be enough, and positive governmental action might be required. This might, for example, take the form of legislative intervention aimed at preventing certain conditions which muzzle expression, or ensuring public access to certain kinds of information.⁵⁴

The rights to speak and listen, and the prospect of positive obligations on government to promote access to information are highly relevant in the context of copyright and the proposed protection of TPMs. Unfortunately, however, the contours of their relationship have been only cursorily explored in Canadian case law,⁵⁵ sometimes without direct reference to the *Charter* itself. For example, one might read the SCC's recognition of users' rights in *Théberge* as reflective of the centrality of access to and use of the expression of others in a healthy marketplace of ideas:

The *Copyright Act* is usually presented as a balance between promoting the public interest in the encouragement and dissemination of works of the arts and intellect and obtaining a just reward for the creator (or, more accurately, to prevent someone other than the creator from appropriating whatever benefits may be generated).

...

right in question whereas 'freedoms' are said to involve simply an absence of interference or constraint. This conceptual approach to the nature of 'freedoms' may be too narrow since it fails to acknowledge situations where the absence of government intervention may in effect substantially impede the enjoyment of fundamental freedoms"

53 *Haig, ibid.* at 1039; *Native Women's Assn. of Canada v. Canada*, 1994 SCC 90, <www.canlii.org/ca/cas/scc/1994/1994scc90.html>, [1994] 3 S.C.R. 627 at paras. 84–89, L'Heureux-Dubé J., dissenting.

54 *Haig, ibid.* at 1039.

55 *Compagnie Générale des Établissements Michelin-Michelin & Cie v. National Automobile, Aerospace, Transportation and General Workers Union of Canada (CAW-Canada)*, [1997] 2 F.C. 306, <www.canlii.org/ca/cas/fct/1996/1996fct10133.html> [*Michelin*], currently the leading Canadian decision directly on point is discussed in detail below.

Excessive control by holders of copyrights and other forms of intellectual property may unduly limit the ability of the public domain to incorporate and embellish creative innovation in the long-term interests of society as a whole, or create practical obstacles to proper utilization.⁵⁶

The Court's observations regarding the connection between a healthy public domain and society's long-term interests in innovation and creativity are both theoretically and scientifically supported. As Litman notes:

All authorship is fertilized by the work of prior authors, and the echoes of old work in new work extend beyond ideas and concepts to a wealth of expressive details. Indeed, authorship is the transformation and recombination of expression into new molds, the recasting and revision of details into different shapes. What others have expressed, and the ways they have expressed it, are the essential building blocks of any creative medium. ... The use of the work of other authors in one's own work inheres in the authorship process.⁵⁷

The centrality of access to and use of the work of others to the authorship process appears to prevail across creative disciplines from literature to art to music. While cognitive scientists are by no means in agreement as to the "ingredients" that contribute to creativity and the creative process,⁵⁸ an important body of psychological theory focuses on whether knowledge (and its precursor — access to information) are essential to creativity and innovation. Numerous case studies (from Mozart to Charlie Parker to The Beatles) demonstrate that an intense period of immersion characterized by practice and rehearsal based on imitating and copying the work of others is a necessary condition for creativity and innovation.⁵⁹ Moreover,

56 *Théberge v. Galerie d'Art du Petit Champlain Inc.*, 2002 SCC 34, <www.canlii.org/ca/cas/scc/2002/2002scc34.html>, [2002] 2 S.C.R. 336 at paras. 30–32 [*Théberge* cited to S.C.R.]. As Gendreau has noted, however, it may be telling that in its recent decisions relating to users rights the SCC has chosen not to specifically tie its interpretation of the Act to the *Charter* right to free expression: above note 11 at 252.

57 Jessica Litman, "Copyright as Myth" (1991) 53 U. Pitt. L. Rev. 235 at 243–44.

58 For an overview of some of the methodologies followed in studying the creative process, see: Mark A. Runco, "Creativity" (2004) 55 Annu. Rev. Psych. 657.

59 Robert Weisberg notes that none of Mozart's first seven piano concertos contained original music written by him, that much of Charlie Parker's work was premised upon "formulas" traceable to specific artists in the previous swing generation, and that the Beatles' innovative works came only after years of covering versions of others' works and producing their own works within existing

expression such as parody, satire and appropriation art depends upon “reproduction or adaptation of a significant part of earlier work.”⁶⁰

My focus on the centrality of access to, and use of, the expression of those who have gone before and the prospect of obligating government to take proactive steps to defend these essential ingredients of freedom of expression is not meant to suggest that *Charter*-consistent copyright protection is impossible. It can be argued that affording copyright holders rights of exclusivity in relation to certain expression fosters a healthy marketplace of ideas by providing holders with economic incentives to produce and disseminate musical, literary, artistic, scientific and other important works.⁶¹ However, in enacting copyright legislation, the government should “strive to afford the degree of private exclusivity necessary to incent creation, without unduly trenching on public access and use,”⁶² which are also critical to the innovation cycle.

Parliament, in the Act, has imposed its vision of acceptable and unacceptable uses of the work of others, presumably in an attempt to balance these competing objectives. Whether Parliament’s vision (or the way in which the government now proposes to recast it) is constitutionally justifiable is another question entirely. It is essential to explore the relationship between free expression and copyright as the Canadian government embarks upon expanding copyright holders’ rights and concomitantly limiting those of users. The current Act’s constitutionality is subject to legitimate question. If expanded protections for copyright holders relating to TPMs are not offset with protections for users, the current, and arguably tenuous, balance could be tipped in favour of invalidity.

styles: Robert Weisberg, “Creativity and Knowledge: A Challenge to Theories” in R.J. Steinberg ed., *The Handbook of Creativity* (Cambridge: University of Cambridge Press, 1999) at 235–37, 241.

60 Barendt, above note 38 at 18.

61 This analysis of copyright’s relationship to free expression was recently endorsed by the Federal Court of Appeal in *BMG Canada Inc. v. John Doe*, [2005] FCA 193 at para. 40. See also: *Eldred v. Ashcroft* 537 U.S. 186 (2003), <<http://straylight.law.cornell.edu/supct/html/01-618.ZS.html>> at 219.

62 In addition to the impact of digital rights management on “fair use” or “fair dealing,” other “safety valves” are also slowly being eroded over time by measures such as copyright term extensions, and protections for databases and compilations of fact: Samuel Trosow, “The Illusive Search for Justificatory Theories: Copyright, Commodification and Capital” (2003) 16 Can. J.L. & Juris. 217 at 220–21.

2) The Act's Violation of Freedom of Expression

A statute whose purpose or effect is to interfere with the conveyance or attempted conveyance of meaning, except by violence, violates section 2(b) of the *Charter*.⁶³ The Act explicitly interferes with the conveyance of meaning by exposing individuals to civil and criminal liability for (among other things and subject to certain exceptions) publicly expressing “X,” where “X” represents another’s copyright material.⁶⁴ In virtually any other instance, a classic content-based restriction⁶⁵ such as this would almost instantaneously lead a Canadian court to conclude that section 2(b) has been violated, requiring the government to provide a section 1 justification for that infringement.⁶⁶ Curiously, this has not been the case with respect to copyright. The Federal Court (Trial Division) (“FCTD”) in *Mi-*

63 *Irwin Toy*, above note 41 at paras. 41–42. Notably, however, the SCC concluded in an earlier decision that restrictions on the *place* where expression can occur do not necessarily violate s. 2(b): *Committee for the Commonwealth of Canada v. Canada*, 1991 SCC 13, <www.canlii.org/ca/cas/scc/1991/1991scc13.html>, [1991] 1 S.C.R. 139 at 157–59, [*Commonwealth* cited to S.C.R.].

64 See the Act, above note 9, ss. 27–28, 35.(1) for the civil liability provisions; and ss. 42–43 for the criminal liability provisions.

65 For a detailed discussion of the content-based nature of copyright legislation, see: C. Edwin Baker, “First Amendment Limits on Copyright” (2002) 55 Vand. L. Rev. 891. Certain uses of the expression of others will be more difficult to accept as expression that ought to fall within the scope of expression protected by the *Charter*. We may be more convinced that copying another’s work for the purpose of parody or satire is the kind of expression that ought to be constitutionally protected, rather than “straightforward commercial piracy, when the copier aims solely to exploit the artistic skills of others for his or her own financial advantage”: Barendt, above note 38 at 19. In the latter case, the expression in issue appears less related to a communicative act. However, the SCC has made clear that scope of expression protected by s. 2(b) is very broad and includes financially motivated expression, such as advertising (*Irwin Toy*, above note 41), expression by speakers, whose motives and expressive content are morally repugnant (*Zundel*, above note 41 at para. 23), as well as possession of morally repugnant and harmful content such as child pornography since possession of it “allows us to understand the thought of others or to consolidate our own thought” (*Sharpe*, above note 43 at para. 25).

66 Richard Moon, “Justified Limits on Free Expression: The Collapse of the General Approach to Limits on Charter Rights” (2002) 40 Osgoode Hall L.J. 337 at 339 [Moon, “Justified Limits”]. Shifting the analysis of the justifiability of the breadth of the restriction on expression to the s. 1 phase of the constitutional inquiry has significant consequences. Once a violation of s. 2(b) has been established, the onus shifts away from the party claiming infringement to the government, requiring it to justify the limitation.

*chelin*⁶⁷ (currently the leading decision on point) held that the Act did not violate section 2(b) on the basis that:

[t]he *Charter* does not confer the right to use private property — [someone else's] copyright — in the service of freedom of expression. ... [A] person using the private property of another like a copyright, must demonstrate that his or her use of the property is compatible with the function of the property before the Court can deem the use a protected form of expression under the *Charter*.⁶⁸

In the alternative, the Court held that if the Act violated section 2(b), that violation was justified in a free and democratic society. In enacting legislation relating to TPMs, however, the government must approach this decision with caution for at least two reasons. First, there are solid reasons to question the precedential value of the *Michelin* decision, particularly in the digitally networked context.⁶⁹ Second, even if the current Act generally strikes a constitutional balance, the TPM protection proposed in Bill C-60 would expand the Act's incursion on expression.

a) Questioning the precedential value of *Michelin*

In 1994 the Canadian Auto Workers ("CAW") attempted to organize three of Michelin Canada's tire manufacturing plants in Nova Scotia. The CAW parodied Bibendum (aka "the Michelin Man") in 2500 leaflets that it distributed to Michelin workers. Bibendum was placed in various positions obviously intended to critique Michelin's approach to human resource management. One leaflet depicted "Bibendum, arms crossed, with his foot raised, seemingly ready to crush underfoot an unsuspecting Michelin worker."⁷⁰

Although the CAW was unsuccessful in its organizing efforts, Michelin sued the CAW for using both Bibendum and the word "Michelin" in its organizing material. Michelin was unsuccessful in its trademark infringement

67 *Michelin*, above note 55, since followed without analysis in *British Columbia Automobile Association v. OPEIU* (2001), 2001 BCSC 156, <www.canlii.org/bc/cas/bcsc/2001/2001bcsc156.html>, 10 C.P.R. (4th) 423 [BCAA cited to C.P.R.]; see also: *Fraser Health Authority v. Hospital Employees' Union*, 2003 BCSC 807, <www.canlii.org/bc/cas/bcsc/2003/2003bcsc807.html>, [2003] 25 C.P.R. (4th) 172 (BCSC), [*Fraser Health* cited to C.P.R.].

68 *Michelin*, *ibid* at paras. 79, 105.

69 There are also reasons to question the FCTD's analysis based on the particular facts in *Michelin*. Given the more general focus of this article, however, they will not be addressed in detail here.

70 *Michelin*, above note 55 at para. 8.

claim.⁷¹ However, it succeeded in its copyright infringement claim.⁷² The CAW argued that it had not violated Michelin's copyright in that the union's parodic use of Bibendum fell within the fair dealing provisions under the Act. The union further posited that if its use did not fall within those provisions, the Act restricted constitutionally protected expression and therefore violated section 2(b) of the *Charter*. As noted above, the FCTD rejected this constitutional argument based primarily on its analysis of Michelin's "property" rights — an analysis that merits further interrogation.

The FCTD's analysis in *Michelin* subverts the principal of constitutional supremacy articulated in section 52 of the *Constitution Act, 1982*.⁷³ The decision presupposes an existing property right in copyright material against which incursions for purposes of exercising freedom of expression must be justified. The logic underlying this conclusion is problematic for at least three reasons. First, since copyright exists in Canada only as a result of its statutory creation in the Act,⁷⁴ the existence of any such property right is dependent upon the constitutional validity of the legislation purporting to grant it. Notwithstanding Parliament's section 91(23) jurisdiction in respect of copyright, its exercise of that jurisdiction must conform to the *Charter*.⁷⁵ Simply put, the *Charter* prohibits Parliament from creating a property right so broad as to unjustifiably infringe freedom of expression. Thus, the *Michelin* conclusion that users must justify their expression vis-à-vis the copyright owner's intended use of the "property" mistakenly

71 Michelin was unable to establish to the FCTD's satisfaction that the CAW had "used" Michelin's registered trademarks within the meaning of then ss. 20 & 22 of the *Trademarks Act*, S.C. 1952-53, c. 49: *Michelin*, *ibid.* at para. 47.

72 Only the copyright infringement aspect of the decision will be considered here. For an analysis of the intersecting trademark and copyright issues in a subsequent labour-related case see: Teresa Scassa, "Intellectual Property on the Cyber-Picket Line: A Comment on British Columbia Automobile Assn. and Professional Employees' International Union, Local 378" (2002) 39 *Alta. L. Rev.* 934.

73 *Charter*, above note 6, s. 52.

74 As Binnie J. noted in *Théberge* "[c]opyright in this country is a creature of statute and the rights and remedies it provides are exhaustive": *Théberge*, above note 56 at para. 5.

75 With respect to the *Charter*'s application to the exercise of jurisdiction identified in the division of powers clause, McLachlin J. (as she then was) stated "although legislative jurisdiction to amend the provincial constitution cannot be removed from the province without a constitutional amendment and is in this sense above *Charter* scrutiny, the provincial exercise of its legislative authority is subject to the *Charter*...": *Reference re Provincial Electoral Boundaries (Sask.)*, 1991 SCC 53, <www.canlii.org/ca/cas/scc/1991/1991scc53.html>, [1991] 2 S.C.R. 158 at 192.

places the statutory property cart before the constitutional expression horse.

Second, foreclosing the protection of certain expression under section 2(b) on the basis that it conflicts with unentrenched property rights directly contradicts the concept of constitutional paramountcy — with the unenshrined property right seemingly taking precedence over the enshrined right to free expression. The SCC has explicitly rejected the notion that corporate-commercial economic rights enjoy *Charter* protection.⁷⁶ Since the property created and protected by the Act relates largely to economic rights⁷⁷ it should not generally merit⁷⁸ *Charter* protection.⁷⁹ In any event, there is no principled basis to suggest that economic rights should foreclose inclusion of expression within the scope of section 2(b), even though those economic rights may later form a partial basis for justification of the restriction pursuant to section 1.

76 *Ibid.*

77 As Binnie J. noted in *Théberge*, “[g]enerally speaking, Canadian copyright law has traditionally been more concerned with economic than moral rights. ... The economic rights are based on a conception of artistic and literary works essentially as articles of commerce”: *Théberge*, above note 56 at paras. 12, 15.

78 The SCC has left open the possibility that in some circumstances property rights may be protected where they are intimately connected to physical survival and well-being, thus reflecting *Charter* rights and commitments to protection of security of the person and privacy: *Reference re Public Service Employee Relations Act (Alta.)*, 1987 SCC 15, <www.canlii.org/ca/cas/scc/1987/1987scc15.html>, [1987] 1 S.C.R. 313 at 412; *Irwin Toy*, above note 41 at 1003; *Reference re ss. 193 and 195.1(1)(c) of the Criminal Code (Man.)*, 1990 SCC 50, <www.canlii.org/ca/cas/scc/1990/1990scc50.html>, [1990] 1 S.C.R. 1123 at 1171; *Gosselin v. Quebec (Attorney General)*, 2002 SCC 84, <www.canlii.org/ca/cas/scc/2002/2002scc84.html>, [2002] 4 S.C.R. 429 at paras. 80-81. As such, it may be plausible to argue that moral rights as protected in the Act do enjoy a kind of quasi-constitutional status. (To the extent, for example, that an author’s creations are considered extensions of his or her personality, such that their unauthorized use could negatively impact the individual’s reputation: see *Théberge*, above note 56 stating “[an] artist’s oeuvre [is treated] as an extension of his or her personality, possessing a dignity which is deserving of protection” at para. 15; *Snow v. The Eaton Centre Ltd. et al.*, [1982] 70 C.P.R. (2d) 105. For further analysis, see: Gendreau, above note 11 at 254-55.

79 The reality of copyright ownership further undermines any argument in favour of its *Charter* protection. As the authors whose personalities could arguably be encompassed within the work are separated from their copyright and moral rights through assignment to corporate publishers, distributors, etc. any connection between the property in the work and rights relating to privacy, security of the person, and personality quickly evaporates.

Third, even accepting for argument's sake that certain property rights can trump the entrenched right to freedom of expression at the section 2(b) stage, so that the expressive use of the property must be justified rather than requiring justification of the breadth of the property right itself, the analysis should distinguish between intellectual and real property rights. In concluding that in order to fall within the expression protected by section 2(b) the use of copyright material must be justified in light of the copyright owner's property in the material, the FCTD applied a conclusion reached by the SCC in the distinguishable context of government-owned real property.⁸⁰ Like real property, copyright can be synonymous with its owner's ability to express him or herself.⁸¹ Unlike real property, however, copyright material is non-rivalrous — your use of my copyright material does not preclude me from expressing myself through it.⁸² Thus, while there may be a principled basis to justify limiting your use of my real property since this rivalrous use physically precludes me from expressing myself,⁸³ no such justification arises in relation to copyright material.

These are solid reasons to be cautious about *Michelin's* conclusion that the Act is consistent with section 2(b). A strong argument can be made that the Act's prohibition against expressing certain content constitutes a

80 The FCTD applied the reasons of Lamer J. in *Commonwealth*, above note 63 at para. 156, in which he concluded that freedom of expression extended only so far as to allow an individual to express him or herself on government-owned real property where the expression itself was compatible with the function of the property. L'Heureux-Dubé and McLachlin JJ. each advocated quite different constitutional analyses than that of Lamer J. None of the sets of reasons garnered a majority of the court and the SCC has since declined to identify any one analysis as governing: *Ramsden v. Peterborough (City)*, 1993 SCC 86 <www.canlii.org/ca/cas/scc/1993/1993scc86.html>, [1993] 2 S.C.R. 1084 at 1096–97, 1103 [*Ramsden* cited to S.C.R.].

81 Consider the obvious example of a printing press. Use of the press may be essential to its owner's ability to express him or herself in a meaningful, distributed way.

82 Carys J. Craig, "Locke, Labour and Limiting the Author's Right: A Warning Against a Lockean Approach to Copyright" (2002) 28 Queen's L.J. 1 at 23 [Craig].

83 See Moon, above note 46. Moreover, where the creator-in-waiting has purchased a physical object, such as a CD, one might question the degree to which a copyright owner's rights in the material contained in that physical entity can be expanded to trump the property rights paid for by the CD's owner: Jeremy DeBeer & Guy Régimbald, "Constitutional Authority Over Copyrights and Private Copying," <<http://ssrn.com/abstract=720223>>. Full text: <http://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID731943_code395605.pdf?abstractid=720223&mirid=1>.

prima facie section 2(b) violation.⁸⁴ If that is the case, its constitutionality depends upon the government's ability to justify the infringement under section 1. The FCTD in *Michelin* concluded that any infringement was justified, although subsequent legal and technological developments raise new questions about any continuing precedential value in the Court's section 1 analysis as well.

Michelin's alternative conclusion was that, if the Act did violate section 2(b), the infringement would be justified under section 1. In terms of the facial validity of the legislation,⁸⁵ this conclusion is strengthened by the SCC's decisions in *Théberge*⁸⁶ and *CCH*.⁸⁷ Coupling the interpretive principle that laws should be construed insofar as possible to accord with the *Charter*⁸⁸ and the SCC's mandate in *Théberge* and *CCH* that the provisions in the Act must be interpreted in a way that balances users' and rights holders' rights,⁸⁹ there are respectable arguments in favour of constitutional justification.⁹⁰

84 This conclusion is also in keeping with more current s. 2(b) jurisprudence in which the violation of freedom of expression is regularly conceded and the focus of the inquiry relates to the justifiability of the violation pursuant to s. 1. See Moon, "Justified Limits," above note 66 at 339.

85 I refer to "facial validity" here since the Act on its face may be interpreted overall as striking an appropriate compromise between copyright holders, users, and the public interest. In any event, there will be individual cases in which the violation of expression should not be considered justifiable — such as where copyright material is used for purposes of socially, politically, or artistically significant expression, such as parody, whistle-blowing, or sampling. As Barendt notes "it is wrong for the courts to hold that the copyright statute necessarily safeguards freedom of speech.... That would be an abdication of their responsibility to determine the scope of constitutional rights ... and how far it is necessary to restrict its exercise to protect the right to copyright": above note 38 at 15.

86 Above note 56.

87 Above note 10.

88 In *Slaight Communications Inc. v. Davidson*, 1989 SCC 42, <www.canlii.org/ca/cas/scc/1989/1989scc42.html>, [1989] 1 S.C.R. 1038 at 1078, the SCC held that where legislation is susceptible to more than one interpretation, a court ought to choose the one that best accords with the *Charter*, although a court is not to read in or delete anything in order to reach the conclusion that the legislation comports with the *Charter*.

89 See *Théberge*, above note 56 and accompanying text; see also *CCH*, above note 10 at para. 10.

90 For example, the interpretive approach outlined in *Théberge* and *CCH* might well suggest that important forms of expression such as whistle-blowing and parody should today be considered to fall within the fair dealing provisions, thus narrowing the scope of the Act's incursions on expression. Nonetheless, there may well remain significant examples of artistic and other important forms of expression that continue to be precluded by the Act. For examples, see: Fewer, above

Nevertheless, developments in technology and constitutional reasoning since *Michelin* suggest that different considerations may arise in the section 1 analysis — considerations that, in turn, signal the need for constitutional contouring of any legal protections extended to TPMs.

In order to justify a section 2(b) violation the government must show that:

- i) the Act aims at a pressing and substantial objective;
- ii) the means chosen to pursue that objective are rationally connected to it;
- iii) the means chosen impair the right to free expression as little as possible; and
- iv) the positive benefits derived from the Act outweigh its negative impacts on free expression.⁹¹

i) Pressing and substantial objectives

Michelin concluded that the following pressing and substantial objective underlies the Act:

The protection of authors and ensuring that they are recompensed for their creative energies and works is an important value in a democratic society in and of itself. As well, the pressing and substantial nature of the *Copyright Act's* objective is buttressed by Canada's international obligations in treaties like the *Berne Convention* of 1886.⁹²

While this is certainly consistent with Parliamentary commentary and submissions made throughout periods of copyright legislative formation and reformation in Canada,⁹³ there are sound conceptual reasons to question whether the Act actually overcompensates authors for their “energies” and “works” with unnecessarily broad rights of exclusion. As Craig has noted:

note 11 at 201. Moreover, the Canadian government's decision not to specifically address these areas in Bill C-60 may well send the message that the legislation is not intended to protect these socially and culturally valuable forms of expression.

91 *Newfoundland (Treasury Board) v. Newfoundland and Labrador Association of Public and Private Employees*, 2004 SCC 66, <www.canlii.org/ca/cas/scc/2004/2004scc66.html>, [2004] 3 S.C.R. 381 at para. 53 [NAPE cited to S.C.R.].

92 *Michelin*, above note 55 at para. 109.

93 See for example Industry Canada, *Supporting Culture and Innovation: Report on the Provisions and Operation of the Copyright Act (Section 92 Report)* (Ottawa: Industry Canada, 2002) online: <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp00866e.html>>; and Industry Canada and Canadian Heritage, *A Framework for Copyright Reform* (Ottawa: Industry Canada and Canadian Heritage, 2001) online: <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp01101e.html>>.

The natural rights thesis, which awards a property right to the labourer in his intellectual product, ignores the contributions that have been made by those who preceded him. Thoughts and ideas are not freestanding, but are inherently linked to the thoughts and ideas that went before. Simply because authorship or another form of expression is necessary to give rise to an idea and to allow it to be communicated and developed, it does not follow that its entire value is attributable to that labour. If a labourer has a right to the fruits of her labour, this right can only entitle her to the *value added* through her own labour. The myths of romantic authorship and the assertion of private property entitlement as a reward for intellectual labour are closely tied.⁹⁴

If we accept that authors add value to thoughts and ideas that have gone before, we may well question whether the Act, in awarding authors rights of exclusivity in relation to an entire work (rather than simply their valued added), is accurately characterized as being about rewarding authors for their labour at all.⁹⁵

Further, and in any event, the SCC's decisions in *Théberge* and *CCH* demonstrate that the Act's purposes relate to more than just compensating authors. The SCC's findings in *Théberge* and *CCH* underscore the Act's public interest objectives in dissemination, access and use. The Court in *Théberge* characterized the Act as "promoting the public interest in the encouragement and dissemination of works of the arts and intellect,"⁹⁶ ensuring against undue limits interfering with society's long-term interests in a healthy public domain, proper use of which will allow innovation to thrive.⁹⁷ It embellished on this public objective in *CCH*, holding that provisions previously characterized as "defences" were better characterized as "user's rights."⁹⁸

The SCC's characterization of the Act as driving toward both just compensation of authors and the public interest in dissemination of, access to and use of expressive works arguably reinforces the *Michelin* conclusion as to the pressing and substantial nature of the purposes underlying the Act.

94 Craig, above note 82 at 34–35.

95 The SCC's refusal to adopt the "sweat of the brow" standard for originality in *CCH* arguably also suggests that the Act's underlying purposes are not wholly related to compensating authors for their labour: *CCH*, above note 10 at para. 24.

96 *Théberge*, above note 56 at para. 30.

97 *Ibid.* at para. 32.

98 *CCH*, above note 10 at paras. 11–12, 48.

The reasons in *Théberge* and *CCH* add to the less convincing argument of “just desserts” the more compelling public interest in the dissemination of expressive works. Indeed, one might argue that these private and public objectives are intricately connected, such that the private interests of copyright holders should be protected only insofar as those protections are necessary to serve the public interest in dissemination. When we turn to consider the rational connection element of the section 1 test, we must consider the consistency of the means chosen not solely in relation to the private interest of copyright holders in just compensation, but also the public interest in fair access to and use of expression that has gone before.

ii) *Rational connection*

Michelin concluded that the means chosen to protect rights holders in the Act was rationally connected to the objective of justly compensating creators, reasoning that:

There is a definite and efficient link between the goal of protecting the interests of authors and copyright holders by granting them a monopoly on the right to use and reproduce their works and the ability to enforce those interests in an action for copyright infringement.⁹⁹

These reasons adopt an often-unquestioned conclusion — the copyright power to exclude serves the interest of the rights holder by allowing value to be extracted from a work through mechanisms such as licensing.¹⁰⁰ However, technological developments (particularly in the form of digital networks) increasingly call into question to what degree (if any), exclusivity is actually necessary in order to incent creation. And, even if one accepted that the current degree of exclusivity is rationally connected to the self-interested purpose of the legislation, this does not resolve the constitutional question. There must also exist a rational connection between the public interest purpose of the legislation and the restriction in issue.

Whether there is a “definite and efficient link” between protecting authors’ and rights holders’ interests and granting them a monopoly right over use and reproduction of their works is a matter of considerable debate in the copyright community. Economic models attempting to prove the link and its efficiency have regularly been criticized, particularly for failing to

⁹⁹ *Michelin*, above note 55 at para. 111.

¹⁰⁰ See for example William M. Landes & Richard A. Posner, “An Economic Analysis of Copyright Law” (1989) 18 J. Legal Stud. 325 at 333–44, <<http://cyber.law.harvard.edu/IPCoop/89land1.html>>.

identify precisely what degree of exclusivity is necessary in order to incent creation, without unduly compromising the public domain so essential to future innovation.¹⁰¹ Further, in a world where authors and rights holders are often two or more different people in relation to a single work, a monopoly right exercised in a copyright owner's interest may not work in favour of an author's interests. If a scholarly publication takes copyright in my work and then chooses to refuse me the right of subsequent republication, their right of exclusivity may work in favour of their commercial interest in maintaining a "unique" product, but it does not necessarily enhance my self-interest in the broad dissemination of my work.¹⁰²

Digital networks present further challenges to any presumed rational and efficient link between the current level of monopoly rights over works and the interests of rights holders. Take, for example, the music industry. Peer-to-peer ("P2P") technology makes mass, high fidelity copying and sharing of digital files relatively simple and inexpensive. While many would argue that the music industry has sustained losses (in terms of CD sales) as a result of P2P filesharing (in which users arguably infringe monopoly rights),¹⁰³ a compelling case can be made *against* the rational connection between those rights and the industry's self-interest. Many artists argue that "sharing," rather than holding to any form of a strict right of exclusion, works in their self-interest by broadening access to and

101 On the reasons for the limited role that economics has played in justifying copyright thus far, see: Pamela Samuelson, "Should Economics Play a Role in Copyright Law and Policy?" (2004) 1 U.O.T.L.J. 1 at 8, <[http://web5.uottawa.ca/techlaw/resc/UOLTJ_1.1&2.doc%201\(Samuelson\).pdf](http://web5.uottawa.ca/techlaw/resc/UOLTJ_1.1&2.doc%201(Samuelson).pdf)>, [Samuelson, "Economics"]. As Barendt argues, however, "[i]t is in fact much clearer that copyright laws violate the free speech rights of infringers (albeit that this can often be justified) than it is that the laws themselves promote the values which justify recognition of speech rights": above note 38 at 24.

102 One could argue that refusal to republish may also work against the interests of the copyright holder, who might derive higher name recognition and returns if a right of republication subject to notice of first publication were granted.

103 For example, Raymond Nimmer argues that "[d]igital systems altered the balance in copyright law in a manner adverse to the author by allowing no cost, wide-spread, immediate and perfect copying. Protecting access technology may reset the balance": "First Amendment Speech and the DMCA" in Jonathan Griffiths & Uma Suthersanen, eds., *Copyright and Free Speech* (Oxford: Oxford University Press, 2005) 359 at 364 [Nimmer]. Whether filesharing copyright material in Canada violates the Act, particularly in light of the private copying levy, remains an open question: see *BMG Canada Inc. v. John Doe*, 2004 FC 488, <www.canlii.org/ca/cas/fct/2004/2004fc488.html>, [2005] F.C.J. No. 858 at paras. 46–54.

knowledge of their works.¹⁰⁴ Still others argue that if, instead of using legal (primarily property-based) weapons and rhetoric, the music industry had adopted a licensing model embracing the technology, “[i]n any reasonable scenario, those revenues would have more than made up for the decline in CD sales, even if one accepts that such decline was entirely caused by online music sharing.”¹⁰⁵

Nonetheless, the government need not establish any *necessary* connection between the means employed and the objectives in issue, it need only establish a *rational* connection. Even if one were to assume that the lower threshold is satisfied with respect to the private or self-interested objective underlying the Act, it remains necessary to demonstrate consistency between the means chosen and the *other* and arguably overriding objective of the Act — the public interest. Is there a rational connection between the current level of exclusivity inherent in copyright and the public interest in the dissemination of works?

As in relation to the self-interested objective, authority with respect to the public interest is also split. On one hand, economic theorists suggest that the public stands to benefit through broader dissemination if creators are granted a strong and expansive property interest in their expression, which acts as an incentive to invest in research, development and dissemination.¹⁰⁶ On the other, many argue that the public interest is best served through narrow circumscription of rights of exclusivity so

104 Examples include Beastie Boys, Chuck D, David Bowie, Michael Franti, and Moby. Further support for greater sharing of work can be found in the popularity of the Creative Commons Licence system, an alternative to copyright that permits the sharing of works by reserving only some rights. In its first six months over one million creative licences were created: Lawrence Lessig, *Free Culture: How Big Media Uses Technology and the Law to Lock Down Culture and Control Creativity* (New York: Penguin Press, 2004) at 291. For a general description see Lessig, at 288–92, <www.free-culture.cc/freeculture.pdf>.

105 Daniel Gervais, “The Price of Social Norms: Towards a Liability Regime for File-sharing” (2004) 12 J. Intell. Prop. L. 40 at 46, <www.crimsonfeet.org/IMG/pdf/p2p.pdf>.

106 William M. Landes & Richard A. Posner, *The Economic Structure of Intellectual Property Law* (Cambridge: Harvard University Press, 2003) at 13. This analysis is also reflected in the United States Supreme Court’s conclusion that “copyright itself [is] the engine of free expression”: *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539 at 558 (1985), <<http://caselaw.lp.findlaw.com/cgi-bin/getcase.pl?court=US&vol=471&invol=539>>, O’Connor J.; see also *Eldred*, above note 61 at 219. For a discussion of other supporting perspectives see: Daniel Farber, “Conflicting Visions and Contested Baselines: Intellectual Property and Free Speech in the ‘Digital Millennium’” (2005) 89 Minn. L. Rev. 1318.

that “follow-on creators and innovators remain as free as possible from the control of the past.”¹⁰⁷

Thus, analysing whether the creation of a monopoly right in expression is rationally connected to the dual objectives of the Act is conceptually more difficult than the analysis undertaken in *Michelin*. Even if a rational connection can be established, the minimal impairment stage of the section 1 test may present a justificatory challenge.

iii) *Minimal impairment & deference standard*

Michelin concluded with respect to minimal impairment:

Copyright also minimally impairs the defendants’ right of free expression by the very well-tailored structure of the Copyright Act with its list of exceptions in subsections 27(2) and (3). In *Irwin Toy*, ... Chief Justice Dickson stated ... that the Court should give Parliament a “margin of appreciation” in evaluating whether the impugned act minimally impairs the Charter right in question.¹⁰⁸

Application of subsequent decisions of the SCC suggests that future analysis of this element of the section 1 test will not necessarily yield results so favourable to Parliament.¹⁰⁹

The simple assertion that the limitations on copyright included in the Act necessarily demonstrate minimal impairment would, since *Théberge*,

¹⁰⁷ Lessig, above note 104 at xiv. The cultural impact of broad protection of intellectual property has been the subject of extensive academic and popular commentary: Naomi Klein, *No Logo: Taking Aim at the Brand Bullies* (Toronto: Knopf, 2000); Kembrew McLeod, *Freedom of Expression®: Overzealous Copyright Bozos and Other Enemies of Creativity* (New York: Doubleday, 2005); Rosemary Coombe, *The Cultural Life of Intellectual Properties: Authorship, Appropriation and the Law* (Durham: Duke University Press, 1998).

¹⁰⁸ *Michelin*, above note 55 at para. 111.

¹⁰⁹ Further, there is good reason to doubt the specific conclusions in *Michelin* with respect to whether fair dealing encompasses parody and to the extent that it does not, whether one can reasonably conclude the Act is sufficiently tailored to minimally impair the right to freedom of expression. Moreover, it is plausible that no infringement would be found, given the SCC’s decision on originality in *CCH*, above note 10. The FCTD’s rejection of the CAW’s *Bibendum* as an original work and its concomitant finding of copying of a “substantial part” of *Michelin*’s *Bibendum*, was premised on what is arguably a higher standard than the “skill and judgment” test for originality adopted by the SCC. A solid case can be made that *Michelin* would be decided differently today, if the *CCH* test were applied. Moreover, the SCC’s admonitions of the need to broadly construe “fair dealing” to protect user rights, might well have led to the conclusion that the “parody” in issue fell within “criticism.”

arguably demand greater scrutiny. The emphasis in *Théberge* on users' rights and the related importance of access to and use of others' expression in the innovation process, could well be used to suggest the user rights articulated in the Act are under-inclusive. To the extent, for example, that fair dealing¹¹⁰ does not include copying for expression that is as socially and politically important as whistle blowing and parody, the Act may well restrict more expression than is reasonably necessary.¹¹¹

Further, the SCC's subsequent decision in *Dunmore*¹¹² casts doubt on *Michelin's* conclusion that courts should defer to Parliament in analysing the constitutionality of the Act. In *Dunmore*, the SCC did not defer to the Ontario legislature in its repeal of a legislation that had permitted agricultural workers to organize collectively. Bastarache J. stated:

Given the delicate balance between interests that is required here, as well as the added complexity of protecting the character of the family farm, one might be tempted to conclude that a wide margin of deference is owed to the enacting legislature when applying the minimum impairment test However, as outlined in *Thomson Newspapers*, political complexity is not the deciding factor in establishing a margin of deference under s. 1. Rather, the margin will vary according to whether legislature has (1) sought a balance between the interests of competing groups, (2) defended a vulnerable group with a subjective apprehension of harm, (3) chosen a remedy whose effectiveness cannot be measured scientifically, and (4) suppressed an activity whose social or moral value is relatively low.¹¹³

Contrary to the FCTD's conclusions in *Michelin*, it is by no means obvious that a Canadian court should defer to Parliament, either in relation to the current Act or to the proposed TPM-related amendments.

110 See the Act, above note 9.

111 Fewer, above note 11. As Sachs J. wrote in dismissing an infringement claim relating to the parodic use of a trademark: "[h]umour is one of the great solvents of democracy. It permits the ambiguities and contradictions of public life to be articulated in non-violent forms. It promotes diversity. ... it is an elixir of constitutional health": *Laugh It Off Promotions CC v. South African Breweries International (Finance) BV* (27 May 2005) Constitutional Court of South Africa, <www.constitutional.court.org.za/ohtbin/hyperion_image/J-CCT42-04> at 64 [*Laugh It Off*].

112 *Dunmore v. Ontario (Attorney General)*, 2001 SCC 94, <www.canlii.org/ca/cas/scc/2001/2001scc94.html>, [2001] 3 S.C.R. 1016.

113 *Ibid.* at 1071–72.

Balancing competing interests

As noted in *Michelin*, the Act seeks to balance the interests of competing groups. The idea/expression dichotomy, the time limited nature of the right and the fair dealing “exceptions” within the Act all reflect an attempt to balance the private and public interests in compensating copyright holders,¹¹⁴ with the public interest in preserving fair access to and use of expression. While the legislation may have been treated in the past in a way that tips the balance in favour of protecting holders, the SCC’s decisions in *Théberge* and *CCH* clearly convey the significance of user’s rights and the importance of the public domain under the Act. Of all factors, this is the one weighing most obviously in favour of deference.

Protecting vulnerable groups

Can it be said that in enacting the Act and any subsequent amendments thereto, Parliament seeks to protect a vulnerable group with a subjective apprehension of harm? As in *Dunmore*, it is by no means clear that in the current Act or in the proposed amendments Parliament is acting to protect a “vulnerable” group. At the time the Act came into force (and in the context of subsequent amendments), the Parliamentary record is replete with examples of the vulnerability of Canadian authors and the threat to Canadian culture in the absence of specific legislative protection.¹¹⁵ However, the “vulnerability” of any particular copyright owner at any particular time in history remains very much a live issue.¹¹⁶ Further,

114 This would include either the expression that they “created” (in the case of authors) or the expression for which they contracted to hold the rights (in the case of publishers, distributors, etc.).

115 Predominating much of this debate, however, is not the vulnerability of authors *vis-à-vis* those who would use the public domain as the basis for further creation, but *vis-à-vis* distributors and publishers. As noted in the DeMontigny Report of 1930, “... Canadian authors are far from being encouraged to create, to produce, to contribute to our national Arts and Letters when the existing legislation deprives them of all expectation of securing due compensation for their labour, and permits distributors to take freely for their use and profit, and with impunity, works which they ought to buy, as they must buy any other commodity of life”: Copyright in Canada in 1930: Report of the Copyright Committee of the Canadian Author’s Association, Supplemented with Practical Observations by Louvigny De Montigny, Ex-F.R.S.C. and Member of the Copyright Committee of the C.A.A., RU-MI-LOU Books, Ottawa Canada, August 1930. (Catalogued as *Canadian Authors’ Association*. Call No. Z 565 M65 1930 NL Stacks, Amicus # 6167220) at 14.

116 With respect to the specific facts of *Michelin*, it was certainly difficult, at best, to describe the copyright owner — Michelin — as falling within any vulnerable group the legislation seeks to protect.

with respect to the purported current “threat” of digitized networks that is driving the proposed TPM-related changes, any vulnerability of copyright holders may be as much the result of their own choice of business model as it is the conduct of others.¹¹⁷ In any event, even if one did accept a continuing vulnerability for authors or other copyright holders meriting legislative protection,¹¹⁸ balanced against this vulnerable group is another at least equally vulnerable group — creators-in-waiting.

As discussed previously, the absence of a rich public domain and often over-reaching claims of infringement¹¹⁹ threaten to circumscribe the raw material available to often less advantaged artists, authors and other would-be creators, as well as that available for important purposes such as public education¹²⁰ and political and social satire (such as in the *Michelin* case). It is perhaps telling that the handful of constitutional challenges in this area have arisen in the context of labour disputes, where copyright claims were used to stifle union communications.¹²¹ Viewed in this light, there is little reason to assume that the Act addresses a single vulnerable group. One might question copyright holders’ claims to vulnerability, and even if those were accepted, other vulnerable groups and the public interest generally may well be equally, if not more seriously, affected by the legislation. Application of this factor evokes no clear reason for legislative deference.

Remedy incapable of scientific verification

Whether the protections and limitations extended in the Act actually achieve the objectives of incenting creation, while at the same time preserving healthy public access to and use of expressive works is one that is, at the very least, not obviously susceptible to scientific verification.¹²² Fur-

117 With respect to the industry’s chosen business model and the impacts of file-sharing, see: Gervais, above note 105 at 55–63; Michael Geist “The real threat to the music download market” *The Toronto Star* (18 April 2005), online: The Toronto Star <www.michaelgeist.ca/resc/html_bkup/april182005.html>.

118 As is argued, for example, by Jane Ginsburg, “Copyright Use and Excuse on the Internet” (2000) 24 *Colum-VLA J.L. & Arts* 1 at 8–9.

119 Lessig, above note 104 at 8–10, 119, 195–98.

120 Michael Geist “Will copyright reform chill use of Web? Copyright proposal upsets the balance” *The Toronto Star* (31 May 2004), online: <www.michaelgeist.ca/resc/html_bkup/may312004.html>.

121 *Fraser Health*, above note 67; *BCAA*, above note 67. It is notable, however, that in *BCAA* although the freedom of expression argument failed in relating to fair dealing under the Act, it succeeded in relation to the common law passing off claim: Gendreau, above note 11 at 252.

122 Samuelson, “Economics,” above note 101 at 8–9.

ther, there is no sound empirical evidence supporting the need for or efficacy of legal protections for TPMs.¹²³ Since the incentive structure under the Act operates within the complex context of other incentives (e.g. government subsidization for the arts and education) and varying technological and economic conditions, it is very difficult to establish with any precision whether in fact the Act does incent the creation and dissemination of expression. Even if it does, questions remain as to whether the protections it offers copyright holders undermine creation and dissemination by creators-in-waiting, as well as unduly limiting public institutions' facilitation of access to knowledge.¹²⁴ While the difficulty of verifying how and whether the Act achieves its objectives may suggest deference is in order, it is equally plausible to argue that deference should not be shown in the case of legal protections for TPMs, given the dearth of empirical evidence to verify the need for such protection.

Suppressing low value expression

Application of this criterion is heavily fact dependent, but it does suggest that where socially, politically and artistically important forms of expression are limited, courts should not defer to Parliament.¹²⁵ Digital technologies offer unprecedented opportunities for making creative use of the expression of others.¹²⁶ In the music context, for example, sampling and riffing from the works of others are emerging as significant cultural art forms.¹²⁷ Copyright restrictions that stifle these forms of expression and undermine the innovation and knowledge-building power of digital technologies merit no judicial deference.

123 Kamiel J. Koelman & Natali Helberger, "Protection of Technological Measures" in P. Bernt Hugenholtz, ed., *Copyright and Electronic Commerce: Legal Aspects of Electronic Copyright Management* (The Hague: Kluwer Law International, 2000) at 165 [Hugenholtz, "Copyright Management"]. See also Jeffrey P. Cunard, "Technological Protection of Copyrighted Works and Copyright Management Systems: A Brief Survey of the Landscape" (Paper presented to the ALAI Congress, June 2001) [unpublished], online: ALAI 2001 Congress Program and Presentation <www.law.columbia.edu/conferences/2001/program_en.htm>.

124 Peter Drahos & John Braithwaite, *Information Feudalism: Who Owns the Knowledge Economy?* (London: Earthscan, 2002).

125 "News reporting, parody, and other transformative uses, whistle-blowing activities and non-commercial educational uses are all socially valued activities that further the purposes of freedom of expression": Fewer, above note 11 at 202. See also: *Laugh It Off*, above note 111 at 64–65.

126 Scassa has noted the importance of allowing sufficient space online for critical commentary and parody: above note 72 at 947–48.

127 See Lessig, above note 104.

This exploration of the deference-related factors identified in *Dunmore* suggests that, at minimum, there is no obvious reason for the judiciary to defer to Parliament in analysing the justifiability of the Act's current or proposed restrictions on freedom of expression. The analysis highlights that, despite the likelihood of conflicting social science evidence on the degree of exclusivity necessary (if any) to incent expression, there is no reason to presume copyright holders a group any more vulnerable than creators-in-waiting. These are sound reasons to question whether the Act more than minimally impairs freedom of expression, and to suggest that courts need not defer to Parliament in relation to further future incursions on that right.

iv) Benefits outweigh detriment to free expression

With respect to this fourth aspect of the section 1 test, the Court in *Michelin* concluded:

Finally, I find that considering the deleterious effects of the *Copyright Act*, the third element of the Oakes three-pronged proportionality test, confirms its status as a reasonable limit prescribed by law in a free and democratic society. The plaintiff offered into evidence a wealth of union anti-Michelin pamphlets and brochures that did not use the plaintiff's property in violation of the Copyright Act.... A prohibition on using the plaintiff's "Bibendum" copyright does not therefore create undue hardship for the defendants in conveying their message to the Michelin workers.¹²⁸

The proportionality element of the section 1 test involves a weighing of legislative efficacy in achieving the legislation's pressing and substantial objective(s) against its deleterious impacts on the right to free expression.¹²⁹ The *Michelin* analysis may both underestimate the deleterious impacts of the Act on free expression and overestimate its efficacy in achieving its objectives (particularly in light of the dual legislative objectives articulated by the SCC in *Théberge* and in the context of digital networks).

To the extent that important social and cultural expression such as parody, whistle blowing, and sampling are not protected users' rights, the Act arguably trenches on high value expression, with little substantive evidence of its efficacy in delivering both just compensation to creators

¹²⁸ *Michelin*, above note 55 at para. 111.

¹²⁹ *R. v. Oakes*, 1986 SCC 7, <www.canlii.org/ca/cas/scc/1986/1986scc7.html>, [1986] 1 S.C.R. 103 at 71.

and protecting the public interest in access to and use of the expression of others.¹³⁰ Moreover, the federal government should not be misled by the suggestion in *Michelin* that incursions on free expression are less pronounced simply because alternate venues for expression are available. The SCC has noted the significance of access to *effective* means of expression.¹³¹ The Court has also highlighted the instrumental role that digital networks are playing in terms of broadening access to information and enhancing opportunities for distribution to those without the significantly greater resources previously required to do so.¹³² Parliament should be cautious in acting to legislatively reinforce technological restrictions that limit this vital role of digital networks, particularly where the primary motivating force is founded on protecting private financial interests.

The foregoing analysis suggests that the Act as currently structured cannot be assumed to be consistent with freedom of expression, and that the justifiability of the violation is by no means a foregone conclusion — particularly in the digital networked context. The strength of and considerations central to the justification argument in *Michelin* are changing with time and technology, and the SCC has made clear the importance of protecting users' rights. Bill C-60's proposed protections of TPMs will broaden and exaggerate the violation of freedom of expression — cloaking with the public force of law privately-imposed and non-transparent prior restrictions not simply on use, but also on accessing digital content. Concomitant expansion of users' rights will be necessary if constitutional justification is to be achieved and unintended consequences like those of the *DMCA* are to be avoided.

130 See Samuelson, "Economics," above note 101; Barendt, above note 38 at 24.

131 For example, the SCC in *Ramsden* noted the importance of access to public spaces in enhancing the power of dissemination for those with few resources: above note 80 at para. 22.

132 In *R. v. Guignard*, 2002 SCC 14, <www.canlii.org/ca/cas/scc/2002/2002scc14.html>, [2002] 1 S.C.R. 472, LeBel J. noted at para. 25 that signs or posting on the Internet are an important "public, accessible and effective form of expressive activity for anyone who cannot undertake" a media campaign.

D. FREEDOM OF EXPRESSION AND TPMS

1) Protection of TPMs Exacerbates the Act's Charter Violations

Legislative protection of TPMs exacerbates the Act's inconsistencies with section 2(b). Even if one were to accept that current restrictions are justified pursuant to section 1, Bill C-60's deepened incursions on expression could tilt the section 1 balance against justification, particularly when high value scientific, literary, cultural and artistic expression is suppressed or chilled. With no necessary reason for any court to defer to the legislative choices Parliament may make, weak social science evidence supporting any reasoned basis for the prohibitions proposed,¹³³ and the economic nature of the private interests being protected, the government should anticipate a weighty justificatory task in the event of a future constitutional challenge.

Bill C-60's proposed protection of TPMs would trench more deeply on freedom of expression than does the current Act in at least four related ways. First, since TPMs often control both access to and use of digital materials,¹³⁴ individuals would be exposed to civil liability not only for infringing *uses* of copyright material, but for simply *accessing* copyright material by circumventing a TPM that controls access to digital content. In this way, the Act's current restrictions on the *use* of information would expand to restrict *access* to information as well, thereby directly implicating not only the right to impart information, but also the right to receive it. Given the availability of alternative sources of many forms of digital information (e.g. hard copies of books), the incursion on access to information and freedom of expression itself may not currently appear alarming. However,

¹³³ Hugenholtz, "Copyright Management," above note 123.

¹³⁴ *Kerr et al.*, above note 16 at 14, 18. Nimmer argues that circumvention of TPMs does not constitute protected expression in that "there is typically no communicative intent in the conduct": above note 103 at 368. However, general acceptance of such an argument could severely disable the constitutional right to freedom of expression to the extent that gaining access to expression is an essential component in fulfilling the objectives underlying the protection of freedom of expression, as accepted by the SCC in numerous contexts: above notes 48, 49, & 50. Moreover, it is wholly inconsistent with the Court's assertion that s. 2(b) may compel government action to insure access to certain kinds of information: *Haig*, above note 54.

if the digital economy develops as the government hopes it will,¹³⁵ the public will become increasingly dependent on digital information. Legal protections for TPMs could result in government-endorsed digital lock-up, the parameters of which are encoded into content by copyright holders in accordance with their own private financial interests.¹³⁶

Second, copyright holders can encode TPMs and integrate them into digital rights management systems (“DRMs”)¹³⁷ to impose a historically unprecedented degree of control over access to and use of digital content, as well as to surveil previously private activities.¹³⁸ TPM-enabled DRMs permit privately-determined meting out of access to and use of digital

135 For example, Industry Canada has set a goal of making Canada “a world leader in the development and use of e-commerce,” see: Industry Canada, The Electronic Commerce Branch, The Canadian Electronic Commerce Strategy <[http://e-com.ic.gc.ca/epic/internet/inecicceac.nsf/vwapj/ecom_eng.pdf/\\$file/ecom_eng.pdf](http://e-com.ic.gc.ca/epic/internet/inecicceac.nsf/vwapj/ecom_eng.pdf/$file/ecom_eng.pdf)>. The Canadian government is also well on its way to realizing its broader objective of taking government online and ensuring that “Canadians [are] able to access all government information and services online at the time and place of their choosing”: Accenture, “eGovernment Leadership: High Performance, Maximum Value” (2004), online: Accenture, <www.accenture.com/xdoc/en/industries/government/gove_egov_value.pdf>.

136 Ian R. Kerr & Jane Bailey, “The Implications of Digital Rights Management for Privacy and Freedom of Expression” (2004) 2 J. Info, Comm & Ethics in Society 87 at 92–93, <[www.anonequity.org/files/ICES%20Chief%20Treasures%20\(kerr%20bailey\)%20FINAL%20\(june%202004\).pdf](http://www.anonequity.org/files/ICES%20Chief%20Treasures%20(kerr%20bailey)%20FINAL%20(june%202004).pdf)> [Kerr & Bailey]; Graham Dutfield & Uma Suthersanen, “DNA Music: IP and the Law of Unintended Consequences” (2005) 18 Science Studies 5 at 24–25, <www.ccls.edu/documents/dutfield_suthersanen_ss_2005_01.pdf>.

137 DRMs typically consist of: (i) “a database containing information which identifies the content and rights holders of a work”; and (ii) “a licensing arrangement which establishes terms of use for the underlying work”: Kerr *et al.*, above note 16 at 25. While some would argue that individual users are already “assenting” in these licenses to incursions on their expressive and privacy rights, there are sound reasons to question the degree to which that assent is valid and informed: Vincent Gautrais, “The Colour of E-Consent” (2003–2004) 1 UOLTJ 191 at 191–95, <www.uoltj.ca/articles/vol1.1-2/2003-2004.1.1-2.uoltj.Gautrais.189-212.pdf>. If the government chooses to become implicated in these incursions through extending legal protections to TPMs, Haig, above note 52 suggests a positive obligation to take steps to minimize their impacts on the rights to free expression and privacy.

138 Julie E. Cohen, “A Right to Read Anonymously: A Closer Look at “Copyright Management” In Cyberspace” (1996) 28 Conn. L. Rev 981 at 983–86 <<http://papers.ssrn.com/Delivery.cfm/9708091.pdf?abstractid=17990&mirid=1>> [Cohen]; Kerr & Bailey, above note 136 at 89.

content “by the sip”¹³⁹ — presenting the possibility of imposing limitations on expressive freedoms now taken for granted, such as the right to re-read a single page in a book as many times as one wishes, or to loan a book to a friend.¹⁴⁰ While a privately designed, metered and non-transparent approach may best suit the private financial interests of copyright holders, it could also significantly undermine the public interest in access to and use of expressive works.

TPM-enabled DRMs can also be used to monitor and track access to and uses of digital content, creating a digital database of information that may well reveal highly personal and confidential patterns regarding individuals’ lives.¹⁴¹ The limitations associated with metering, monitoring and tracking may well impact on whether and how we interact with information, curtailing or inhibiting expressive rights relating both to receiving and imparting information.¹⁴² Extending legislative protection to TPMs inevitably implicates government in these expression and privacy invasive measures. As Ian Kerr and I have argued elsewhere:

Widespread adoption of digital rights management systems could lock up digital content according to the private economic interests of rights holders, with little regard for the fundamental public interest in facilitating a healthy marketplace of ideas through access to and use of the expression of others. In addition to erecting cost barriers to accessing and using content (which need not reflect public efforts to balance interests), digital rights management systems could stifle innovation if used to protect outdated modes of content delivery, and discourage participation in the marketplace by those who wish, as Greenleaf put it, “to experience intellectual works ... free from surveillance.”¹⁴³

Third, given the current state of the art in TPMs,¹⁴⁴ the technology simply cannot honour existing users’ rights under the Act, such as fair

139 John Perry Barlow, “Life, Liberty and the Pursuit of Copyright?” in *The Atlantic* (17 September 1998) online: The Atlantic Online <www.theatlantic.com/unbound/forum/copyright/intro.htm>.

140 Lessig, above note 104 at 158–59, 163–65.

141 Cohen, above note 138 at 983, 986–87; Kerr & Bailey, above note 136 at 91.

142 Cohen, *ibid.* at 1012–15.

143 Graham W. Greenleaf, “IP, Phone Home: Privacy as Part of Copyright’s Digital Commons in Hong Kong and Australian Law” in Lawrence Lessig, ed., *Hoche-laga Lectures 2002: The Innovation Commons* (Hong Kong: Sweet & Maxwell Asia, 2003), Draft version online: <http://austlii.edu.au/~graham/publications/2003/IP_phone_home/IP_phone_home.html>.

144 Kerr *et al.*, above note 16 at 48–49, 51, 55.

dealing. As such, TPMs do not balance the rights of copyright holders, users and the public, even as much as the current Act does. While the government may choose to amend the statute to avoid the SCC's conclusion that such balancing is necessary under the Act,¹⁴⁵ maintaining a balance is likely to be an essential component in satisfying the minimal impairment element of the section 1 analysis.¹⁴⁶ Bill C-60 appears to address this problem by indicating that individuals will only be prohibited from circumvention where they do so for infringing purposes (which presumably would exclude circumvention for purposes of fair dealing or in pursuit of any other user's right articulated under the Act).¹⁴⁷ While less draconian than the comparable provisions of the *DMCA*, the proposed protection would still impair freedom of expression more significantly than does the current Act.¹⁴⁸

Even if it were to be perfectly lawful under any amendment to circumvent or facilitate circumvention for purposes of carrying out existing users' right, the proposed protections of TPMs would endorse technology that imposes a new hurdle to legitimate access to and use of copyright material. If exercising users' rights means, for example, developing or implementing decryption programs to circumvent over-broad TPMs, those without superior computer knowledge and programming skills (i.e. most citizens) will be "locked out." Most of us will be particularly dependent on those with superior skills to develop and distribute the technology necessary to exercise our rights. In this way, the proposed protection of

145 See above notes 10 & 56.

146 The uses provided for in what are now ss. 29 and 30 of the Act were central to the *Michelin* alternative conclusion of the Act's justifiability under s. 1: see above note 108 and accompanying text. *Cf.* In the United States context, Nimmer, above note 103 at 377, who argues that even if fair use were a constitutional right, the *DMCA*'s anti-circumvention provisions are not inconsistent with the First Amendment in that "[f]air use is not a right to take material in digital form merely because it is convenient."

147 Statement, above note 1 at para. 8.

148 For example, the language of the proposed provision 34.02(1) does not clearly indicate that an infringement must occur — the simple circumvention for an infringing purpose would appear to result in exposure to liability. In such instances, any rational connection between the restriction on access and even the private financial interests of copyright holders is tenuous at best. Further, the provision exposes members of security firms that "address security weaknesses by circumventing technological protection measures" to "a new layer of risk and liability": Digital Security Coalition, Press Release, "Digital Security Coalition Concerned over Copyright Bill" (20 June 2005), online: <www.digital-copyright.ca/node/view/940>.

TPMs would statutorily endorse additional time and expense barriers to accessing information and exercising users' rights, which are essential to the constitutional justifiability of the Act. These barriers would increase the costs to creators-in-waiting of borrowing from those who have gone before, thereby imposing further barriers to innovation.¹⁴⁹ Further, they would render even more important a thriving, innovative and accessible computer programming community to provide the tools and services necessary to maintain a constitutional balance. Unfortunately, the proposed provisions relating to "service" providers could have the opposite effect.

The fourth area of expanded incursion on free expression occasioned by the proposed protection of TPMs relates to its potential to chill dissemination of the scientific inquiry and related services so necessary to protect users' rights. What is now generally an *ex post* restriction relating to improper use could effectively become a prior restriction on expression. The current Act generally imposes civil and criminal liability *after* a prohibited use occurs, or at least after a preliminary judicial determination.¹⁵⁰ In contrast, the language of Bill C-60 relating to "service" providers suggests that civil remedies could flow *before* and even *regardless of* whether any unauthorized use actually occurs.

Bill C-60's proposed section 34.02(2) applies to those offering or providing a circumvention service, but does not define "service." Although use of the term "service" may be intended to isolate acts of infringement, rather than manufacture of devices (in contrast with the *DMCA*),¹⁵¹ such an interpretation does not easily flow from the language of the Bill. The difference between a "good" and a "service" is by no means a simple legal determination¹⁵² — so much so that it may well be difficult to tell where supplying a circumvention tool or device ends and "offering" or "provid-

149 As Drahos has noted, "The creator of innovation is also always the borrower of ideas and information from others. Intellectual property rights put a price on information, thereby raising the cost of borrowing. Raising the costs of borrowing through the imposition of very high standards of intellectual property will progressively choke innovation, not increase it. Most businesses, we argue, will be losers, not winners": above note 124 at 2.

150 Subject, of course, to the power of a court to issue an injunction following a hearing based on evidence: the Act, above note 9, ss. 34.(1)(2), 38(2)(3)(4), 39.1(2)(2).

151 The chilling implications of the much broader anti-circumvention provisions of the *DMCA* are discussed in more detail below.

152 For a discussion of the confusion in the law on the issue of distinguishing between goods and services, see: *Pittman Estate v. Bain*, [1994] O.J. No. 463 at paras. 375–455.

ing” a circumvention “service” begins. When faced with this lack of clarity as to whether, and if so, when providing a circumvention tool will amount to an infringing “service,” technical experts may well be deterred from disseminating the very devices and services that will be essential to preserving users’ rights.

The breadth of the chilling effect of anti-circumvention provisions¹⁵³ on those involved in researching and disseminating circumvention technologies is well-documented in the United States where, under the *DMCA*:

- a Russian programmer was arrested at a conference in the United States, and he and his employer criminally charged for distributing over the Internet software that converts Adobe eBooks into Adobe PDFs;¹⁵⁴
- injunctive and declaratory relief was issued against a magazine seeking to publish the code underlying a software program designed to decrypt the CSS code that prevents copying DVDs;¹⁵⁵
- computer scientists have refused to speak at encryption conferences out of fear of prosecution arising from, among other things, the Recording Industry of America Association’s legal threats against Princeton University professor Ed Felten in relation to publishing his research on digital music security weaknesses;¹⁵⁶ and
- civil suits relying on the anti-device provisions of the *DMCA* have been used to restrict competitors from circumventing access con-

153 It is notable that the anti-circumvention provisions in the *DMCA*, above note 18, s. 1201(a)(2) refer specifically not only to services, but to devices and components as well and thus are far more broad-ranging on their face than the provisions proposed in Bill C-60. Nonetheless, it is essential that the term “service” be clearly defined in a way that precludes the imposition of limitations on research and development of devices.

154 *United States v. Elcom Ltd.*, 203 F. Supp. 2d 1111 (N.D. Cal. 2002), <<http://digital-law-online.info/cases/62PQ2D1736.htm>>.

155 *Universal City Studios v. Reimerdes*, 111 F. Supp. 2d. 294 (S.D.N.Y. 2000) <<http://cyber.law.harvard.edu/openlaw/DVD/NY/trial/op.html>>, aff’d 273 F. 3d 429 (2d Cir. 2001).

156 Professor Felten challenged the constitutionality of the *DMCA*’s restrictions relating to circumvention devices, but the matter settled out of court. See: *Felten v. Recording Industry Association of America*, Case No. CV-01-2669 (GEB) (Dist. Ct. N.J.), description online: Electronic Frontier Foundation <www.eff.org/IP/DMCA/Felten_v_RIAA/>.

trols in order to create compatible, lower-cost printer cartridges¹⁵⁷ and garage door openers.¹⁵⁸

The language of Bill C-60, particularly in relation to “service” providers should be clearly drafted to ensure that these expression- and innovation-chilling results are avoided in Canada.

For these reasons, Bill C-60’s proposed protections of TPMs (even where tied to a purpose currently defined as infringing) would deepen the Act’s incursion on free expression by:

- broadening the Act’s prohibitions to include, not just use of, but access to information and knowledge;
- protecting non-transparent privately encoded mechanisms imposing unprecedented control over and surveillance of access to and use of information, and which are currently incapable of honouring many facets of users’ rights currently defined in the Act;
- imposing new barriers on access to and use of information that will make most users dependent upon experts to obtain the technological means to exercise their existing rights under the Act; and, at the same time,
- imposing prior restrictions with no necessary connection to the Actual commission of an unauthorized use that are likely to chill development and dissemination of the very scientific knowledge and expertise essential to maintaining the balance between the rights of copyright holders, users and the public.

These incursions on free expression will be particularly difficult to justify in relation to high value expression that is essential to the key values underlying the protection of the freedom itself, including political and social commentary, and literary and artistic works.¹⁵⁹ For example, prohibiting circumvention of TPMs regulating access to and use of material such

157 *Lexmark Int’l. Inc. v. Static Control Components, Inc.*, 387 F. 3d 522 (6th Cir. 2004), <<http://caselaw.findlaw.com/data2/michiganstatecases/appeals/102604/24923.pdf>>.

158 *Chamberlain Group, Inc. v. Skylink Techs, Inc.*, 381 F.3d 1178 (Fed. Cir. 2004) <[http://homepages.law.asu.edu/~dkarjala/cyberlaw/ChamberlainVSkylink\(FedCir2004\).htm](http://homepages.law.asu.edu/~dkarjala/cyberlaw/ChamberlainVSkylink(FedCir2004).htm)>.

159 It is likely to be more difficult to justify restrictions on high value expression, such as art, literature and political speech, since these forms of expression are more closely associated with the values underlying freedom of expression: see *Thomson Newspapers Co. v. Canada*, 1998 SCC 43, <www.canlii.org/ca/cas/scc/1998/1998scc43.html>, [1998] 1 S.C.R. 877 at paras. 90–92.

as legislation and policy papers that are subject to government copyright arguably strikes at the heart of freedom of expression's objective of facilitating democratic participation.¹⁶⁰

2) The Need for Constitutional Contouring

Given the concerns relating to expressive freedoms discussed above, the constitutionally prudent course of action may be for the federal government to avoid imposition of further expressive restrictions by extending legislative protection to TPMs. If, despite these concerns, Parliament chooses to do so, constitutional contouring will be essential in charting a distinctively Canadian course. The government should stand firm against any suggestion that *DMCA* style legislation is necessary in order to satisfy the international obligations¹⁶¹ owed by signatories upon ratification of the WIPO Treaties.¹⁶²

Any further legislative protection for TPMs in Canada should be specifically and narrowly crafted, building in broad and express protection for users' rights. Specific elements of constitutional contouring that might assist Canada in avoiding the detrimental and unintended consequences of *DMCA* style legislation on freedom of expression and innovation could include:

- no protection for TPMs on non-copyright material;¹⁶³
- no protection for TPMs on material subject to crown copyright;

160 With respect to facilitation of democratic participation, see: *Harper*, above note 49, McLachlin C.J. (dissenting, although not on this particular point) at paras. 11–17. An initial attempt to address the expressive restrictions of Crown copyright, however, met with no success, although the result may have related more to the context in which the argument was raised than to the strength of the argument generally: Gendreau, above note 11 at 247–48, referring to *Wilson & Lafleur Ltée v. SOQUIJ*, [1998] RJQ 2489 (Sup. Ct.).

161 While courts are likely to strive to conclude that domestic implementation of international obligations is constitutional, Canada's implementation of the WIPO Treaties can and will be subject to *Charter* scrutiny: *United States v. Burns*, 2001 SCC 7, <www.canlii.org/ca/cas/scc/2001/2001scc7.html>, [2001] 1 S.C.R. 283 [*Burns* cited to S.C.R.].

162 Pamela Samuelson, "Intellectual Property and the Digital Economy: Why the Anti-Circumvention Regulations Need to be Revised" (1999) 14 *Berkeley Tech. L.J.* 519 at 535–38, <www.sims.berkeley.edu/~pam/papers/dmcapaper.pdf> [Samuelson, "Intellectual Property"].

163 *Kerr et al.*, above note 16 at 48–50. This element of constitutional contouring already appears evident in Bill C-60 by virtue of tying civil remedies to circumvention for infringing purposes.

- no liability for circumvention for purposes of exercising users' rights currently provided for under the Act (e.g. fair dealing) by explicitly recognizing an affirmative user right to circumvent TPMs in order to exercise those rights;¹⁶⁴
- clarifying and narrowing the restrictions on offering and providing a circumvention service¹⁶⁵ to expressly exclude limitations on devices by confining "service" to the Act of circumventing a TPM on behalf of another who has no legitimate purpose¹⁶⁶ other than infringing copyright,¹⁶⁷ and explicitly stating liability can only be imposed where that other does in fact infringe copyright in that work; and
- a sunset clause that requires a three-year review of the legislation in order to consider its continuing constitutionality in light of the impact of the protection of TPMs on the public domain, freedom of expression and innovation.¹⁶⁸

E. CONCLUSION

By signing the WIPO Treaties, Canada has expressed a commitment to, among other things, address the effects of our digitally networked society on copyright holders. Domestic implementation of that commitment must, however, accord with constitutional constraints relating to freedom of expression.¹⁶⁹ Legitimate questions already exist in relation to the

164 Cohen, above note 138 at 1023–24, 1029–30.

165 Yochai Benkler raised the concern that "Even if a few savvy users can circumvent without relying on the products or services of others, the vast majority of users will have to rely on such products or services. Prohibition on the means to circumvent effectively excludes most users from most uses of technically-protected information. Prohibiting manufacture, importation, or sale of devices without prohibiting copying would by and large negate the possibility of circumvention": Benkler, above note 39 at 416.

166 Samuelson, "Intellectual Property," above note 162 at 543–46.

167 *Ibid.* at 557: "The anti-device provisions of s. 1201 are not predictable, minimalist, consistent, or simple, as the Framework principles suggest that they should be. Due to inconsistencies in the statute, it is unclear whether s. 1201's anti-device provisions would be interpreted to allow the development and distribution of technologies to enable legitimate uses. Boiled down to its essence, this presents the question of whether Congress should be understood to have made an empty promise of fair use and other privileged circumvention. Unless the anti-device provisions of the DMCA are modified, either by narrow judicial interpretation or by legislative amendments, they are likely to have harmful effects on competition and innovation in the high technology sector."

168 *Ibid.* at 557–62.

169 Burns, above note 161.

constitutionality of the current Act. Deepening the Act's restrictions on freedom of expression through anti-circumvention provisions can only serve to heighten constitutional concerns. Any legislative prohibition on circumvention of TPMs must take into account not only copyright holders' rights, but users' rights and the public interest in access to and use of information and knowledge.

Legislation that does not clearly reflect lessons learned in the United States under the *DMCA* may prove difficult to justify under the *Charter*. The current legislative reform process presents an opportune moment in Canadian policy-making history to explicitly recognize the connections between copyright and freedom of expression. Parliament has the opportunity, and the obligation, to chart a course that compromises the entrenched expressive rights of users in favour of the economic interests of copyright holders only insofar as is necessary to serve the public interest in a robust marketplace of ideas.

If Left to Their Own Devices ...

How DRM and Anti-circumvention Laws Can Be Used to Hack Privacy

Ian R. Kerr*

A. INTRODUCTION

In the decade since that cold and wet December day — when delegates from 150 countries met to finalize the universal mold for digital copyright reform¹ — billions of keystrokes have been spent, tapping out arguments about whether and to what extent we need new laws to protect the technologies that protect copyright. The prevailing opinion in many countries with strong

* The author wishes to extend his gratitude to the Social Sciences and Humanities Research Council, the Canada Research Chairs program, Bell Canada, and the Ontario Research Network in Electronic Commerce for all of their generous contributions to the funding of the research project from which this paper derives. Special thanks also to Todd Mandel, Shannon Ramdin, Catherine Thompson, and Hilary Young for all of their extraordinary efforts, their brilliance, and for the high quality of research assistance that they so regularly and reliably provide. Thanks also to Jane Bailey, Ann Bartow, Lee Bygrave, Alex Cameron, Julie Cohen, Michael Geist, Daphne Gilbert, Graham Greenleaf, Chris Hoofnagle, Philippa Lawson, David Matheson, Daniel Solove, and Valerie Steeves for the excellent suggestions for improvement that they generously offered.

¹ Jessica Litman, “The Bargaining Table” in *Digital Copyright* (Amherst: Prometheus Books, 2001) at 122; Pamela Samuelson, “The U.S. Digital Agenda at WIPO” (1997) 37 Va. J. Int’l L. 369.

copyright industries is that we do.² Their most powerful voices³ tell us that such laws are necessary to protect the copyright industries from individuals who use devices to circumvent the technologies meant to protect copyright. They say that existing laws are not adequate to prevent the massive illegal dissemination of digital works that takes place off and online everyday.⁴

After nearly a decade of indecision, it looks like Canada is finally about to board the Mothership. In its recently released Bill C-60,⁵ Canada an-

- 2 See for example *The Digital Millennium Copyright Act of 1998*, Pub. L. No. 105-304, 112 Stat. 2860, <www.copyright.gov/legislation/dmca.pdf> [DMCA]; European Union's *Directive of the European Parliament and the Council of 22 May 2001 on the Harmonization of Certain Aspects of Copyright and Related Rights in the Information Society* (2001), L 167/10, <http://europa.eu.int/information_society/eeurope/2005/all_about/digital_rights_man/doc/directive_copyright_en.pdf> [EUCD]; Australia's *Copyright Amendment (Digital Agenda) Act 2000* (Cth.) [Digital Agenda]; *Japanese Copyright Law No. 48*, promulgated on 7 May 1970 as amended by Law No. 77, of 15 June 1999 and the *Japanese Anti-Unfair Competition Law (JAUCL)*; New Zealand's *Copyright Act 1994 No. 143* (N.Z.), as last amended by Law No. 33, 2005; and *Copyright Ordinance (Cap. 528)*, entered into force June 1997 (Hong Kong).
- 3 As the RIAA points out on its website, "RIAA believes that the establishment of technological protection and management of all musical content, regardless of the media on which it resides or the method by which it is transmitted, is a central component for the expansion of both the music opportunities for the consumer and the business opportunities for the consumer and the business opportunities for the technology industry," <www.riaa.com/issues/audio/newmedia.asp> at "Protecting Rights on Networks"; CRIA states in its submission to the Canadian Copyright Reform Process "Law and technology must be used together to maintain adequate incentives for creativity. Failure to offer adequate legal protection to technological protection measures (TPMs) will inevitably inhibit the development of electronic commerce in copyrighted products," <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp00249e.html>>.
- 4 I and others remain unconvinced and have argued elsewhere against this position: Ian R. Kerr, Alana Maurushat, & Christian S. Tacit, "Technological Protection Measures: Part I — Trends in Technical Protection Measures and Circumvention Technologies" (2003) commissioned by the Department of Canadian Heritage (Canada), <www.pch.gc.ca/progs/ac-ca/progs/pda-cpb/pubs/protection/tdm_e.cfm>; Ian R. Kerr, Alana Maurushat, & Christian S. Tacit, "Technological Protection Measures: Part II — The Legal Protection of TPMs" (2003) commissioned by the Department of Canadian Heritage (Canada), <www.pch.gc.ca/progs/ac-ca/progs/pda-cpb/pubs/protectionII/tdm_e.cfm>; Ian R. Kerr, Alana Maurushat, & Christian S. Tacit, "Technical Protection Measures: Tilting at Copyright's Windmill" (2003) 34:7 *Ottawa L. Rev.* 82 [Kerr *et al.*, "Tilting at Copyright's Windmill"].
- 5 Bill C-60, *An Act to amend the Copyright Act*, 1st Sess., 38th Parl., 2005, Preamble [Copyright Amendment], <www.parl.gc.ca/PDF/38/1/parlbus/chambus/house/bills/government/C-60_1.PDF>.

nounced that it will implement the *WIPO Copyright Treaty*⁶ and the *WIPO Performances and Phonograms Treaty*⁷ by tabling its own anti-circumvention laws. The core provision will entitle a copyright owner to copyright and common law remedies against anyone who, without the consent of the copyright owner, “circumvents, removes, or in any way renders ineffective a technological measure protecting any material form of the work ... for the purpose of an act that is an *infringement of the copyright* in it or the moral rights in respect of it or for the purpose of making a copy referred to in subsection 80(1).”⁸ A second provision will generate a similar result for anyone who “knowingly removes or alters any rights management information in electronic form”⁹

In essence, these *paracopyright* provisions are meant to add a new legal layer, one that goes beyond existing copyright and contract laws in order to deter and provide legal remedies against individuals who, for “infringing purposes,” hack past content-protecting technologies¹⁰ that automatically enforce access to or uses of digital material. A central aim of the proposed legislation¹¹ is “to provide rights holders with greater confidence to exploit the Internet as a medium for the dissemination of their material and provide consumers with a greater choice of legitimate material.”¹² These are certainly laudable goals. However, it remains uncertain whether Canada’s proposed anti-circumvention provisions will in fact do less

6 *WIPO Copyright Treaty*, 20 December 1996, 36 I.L.M. 65 (entered into force 2 March 2002) [WCT], <www.wipo.int/treaties/en/ip/wct/trtdocs_wo033.html>.

7 *WIPO Performances and Phonograms Treaty*, 20 December 1996, 36 I.L.M. 76 (entered into force 20 May 2002) [WPPT], <www.wipo.int/treaties/en/ip/wppt/trtdocs_wo034.html>.

8 *Copyright Amendment*, above note 5, s. 34.02 (emphasis added).

9 *Ibid.*, s. 34.01.

10 Graham Greenleaf distinguishes “content-protecting” from “copyright-protecting” technologies because the former “protect content which copyright does not protect.” Graham Greenleaf, “IP, Phone Home: Privacy as Part of Copyright’s Digital Commons in Hong Kong and Australian Law” in Lawrence Lessig, ed., *Hochelaga Lectures 2002: The Innovation Commons* (Hong Kong: Sweet & Maxwell Asia, 2003) [Greenleaf, “IP, Phone Home”] at 14. In order to remain consistent with the language used in the proposed legislation, in this chapter I will refer to all such technologies as TPMs.

11 *Copyright Amendment*, above note 5.

12 *Statement — Government Statement on Proposals for Copyright Reform*, March 2005, [Statement], <http://pch.gc.ca/progs/ac-ca/progs/pda-cpb/reform/statement_e.cfm>.

harm to copyright's delicate balance¹³ than the laws enacted in the United States,¹⁴ Europe,¹⁵ and elsewhere.¹⁶

What is less uncertain is the effect of the proposed anti-circumvention law on personal privacy. When it comes to protecting intellectual privacy¹⁷ — a core value underlying the doctrine of intellectual property — the recently released Bill C-60¹⁸ whispers with the sounds of silence. Although ample statutory language is offered to illustrate how the law will protect technological protection measures (TPMs) from people, the Bill offers zero protection to people from TPMs.

It is my contention that statutory silence about the permissible scope of use for TPMs *risks too much* from a privacy perspective. In particular, I am of the view that any law protecting the surveillance technologies used to enforce copyright must also contain express provisions and penalties that protect citizens from organizations using those TPMs to engage in excessive monitoring or the piracy of personal information. The best solution from a privacy perspective is no legal protection for TPMs at all. However, if the copyright industries and the government insist on claiming a legitimate need for new laws to prevent the circumvention of TPMs, then similar provisions are needed to protect citizens from organizations that use both TPMs and the law of contract as a kind of privacy circumvention device. Copyright owners should not be encouraged or allowed to

13 CIPPIC Questions Unbalanced Copyright Bill, 20 June 2005, <www.cippic.ca/en/news/documents/Media_Release_-_Copyright_Bill_-_20_June_05_Final.pdf>.

14 17 U.S.C. § 1201(a)(1)(A) (2001).

15 EUCD, above note 2 at 17 (Article 6(1), 6(2), 7(1)).

16 Australia: *Copyright Act* 1968 (Cth.), Act No. 63 of 1968 as amended, 2005, s. 116A <www.comlaw.gov.au/ComLaw/Legislation/ActCompilation1.nsf/frame_lodgmentattachments/DBD28FED04130B18CA256FE7008378BB>; Japan: *Japanese Copyright Law* No. 48 promulgated on 7 May 1970, as amended by Law No. 92, of 9 June 2004, Article 30(1) <www.cric.or.jp/cric_e/clj/clj.html>; Hong Kong: *Copyright Ordinance* (Cap 528, 1997, H.K.), s. 273-4; New Zealand: *Copyright Act* 1994 (N.Z.), 1994/143, as amended by Law No.33 2005, s. 226 <www.legislation.govt.nz/browse_vw.asp?content-set=pal_statutes>.

17 That is, the right to experience intellectual works in private, free from surveillance. See, for example, Julie Cohen, "A Right to Read Anonymously: A Closer Look at 'Copyright Management' in Cyberspace" (1996) 28 Conn. L. Rev. 981 at 1003 [Cohen, "A Right to Read Anonymously"]; Julie Cohen, "DRM and Privacy" (2003) 18 Berkeley Tech. L.J. 575 at 584 [Cohen, "DRM and Privacy"]; Greenleaf, above note 10 at 16.

18 *Copyright Amendment*, above note 5.

use TPMs and contracts to circumvent fair information principles¹⁹ or to hack past data protection legislation. In this brief chapter, I will explain why this is so and will offer a general description of the kind of counter-measures that are needed.

B. DIGITAL RIGHTS MANAGEMENT

In choosing to implement the *WCT* and *WPPT*, the Government of Canada has adopted the position that the legal protection of TPMs is necessary. In order to better grasp the social ramifications of adopting this position, it is crucial to understand the role that TPMs play within a grander system of intertwining technologies and legal mechanisms that are being used to establish a secure global distribution channel for digital content.

As I and others have suggested elsewhere,²⁰ it is useful to distinguish between TPMs and the digital rights management (DRM) systems in which they often play a role. In its simplest form, a TPM is a technological measure intended to promote the authorized use of digital works. This is accomplished by controlling access to such works, or various uses of such works, including: (i) copying, (ii) distribution, (iii) performance, and iv) display.²¹ To illustrate, Sony has developed a technological measure that allows owners of its PlayStation console to play only authorized copies of Sony's games (e.g., only versions that are sold for use in the same geographic region where the game console is bought).²² As Charles Clark famously put it, Sony thought that "the answer to the machine is in the machine."²³

Although the TPM plays a role in promoting authorized uses of Sony's PlayStation, one must remember that, in a hacker's world, the *answer* to

19 Organisation of Economic Co-operation and Development, *Guidelines on the Protection of Privacy and Transborder Flows of Personal Data* (Paris: OECD Publications, 1980), <www.oecd.org/document/18/0,2340,en_2649_34255_1815186_1_1_1_1,00.html> ["OECD Guidelines"]; Canadian Standards Association, *Model Code for the Protection of Personal Information* (CSA Publications, 1996), <www.csa.ca/standards/privacy/code/Default.asp?language=English>; *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, Schedule 1, <www.privcom.gc.ca/legislation/o2_o6_o1_o1_e.asp> [PIPEDA].

20 Kerr *et al.*, above note 4 at 26.

21 Mark Perry & Casey Chisick, "Copyright and Anti-circumvention: Growing Pains in a Digital Millennium" (2000) *New Zealand Int. Prop.* J. 261.

22 *Stevens v. Kabushiki Kaisha Sony Computer Entertainment & Ors* [2005] HCA Trans 30 (8 February, 2005 (High Court of Australia) [*Stevens v. Sony*]).

23 Charles Clark, "The Answer to the Machine is in the Machine" in Bernt Hugenholtz, ed., *The Future of Copyright in a Digital Environment: Proceedings of the Royal Academy Colloquium* (1996) at 139.

the answer-in-the-machine is *also* in the machine. That is, other technologies can be used to circumvent the Sony TPM. “Mod chips,” as they became known, have been used to do just that, causing Sony to seek and obtain special leave to appeal to the Australian High Court for its interpretation of the anti-circumvention provisions in the *Copyright Amendment (Digital Agenda) Act*.²⁴

It is noteworthy that TPMs can operate as a kind of “virtual fence”²⁵ around digitized content and can therefore be used to lock-up content — whether or not it enjoys copyright protection. A TPM can be used on its own, or as a building block in a larger system of technological and legal mechanisms, often referred to as DRM.

DRM is a generic term describing a set of technologies that can identify content and set out licensing conditions. More and more, DRMs rely on TPMs to manage the rights that coincide with digital content.²⁶ Typically, a DRM consists of two components. The *first component* is a set of technologies that might include: “encryption, copy control, digital watermarking, finger-

24 *Digital Agenda*, above note 2; *Stevens v. Sony*, above note 22. In the *Stevens* case, the Australian High Court was called upon to determine whether Sony’s “access code” embodied on each track of each Playstation CD-ROM, when used in conjunction with a “boot ROM” chip located on the circuit board of the console, falls within the legal definition of “technological protection measures” pursuant to s. 10(1) of the Act. Although this case raises various policy considerations regarding the appropriate interpretation of s. 10, it also illustrates that not all copy protection technologies will be protected by anti-circumvention laws. For an excellent discussion of the High Court’s analysis and further insight into the policy implications of this case (both before and after the Australia-United States Free Trade Agreement), see Kimberlee Weatherall, “On Technology Locks and the Proper Scope of Digital Copyright Laws – Sony in the High Court” (2004) Syd. L. Rev. 41.

25 Authors including Ejan Mackaay have used the metaphor of the digital fence to illustrate how intangible property may be protected. Fencing techniques such as TPMs or contractual arrangements allow rightsholders the ability to control access to and, in some circumstances, the use of their works. Such metaphors build on the notion articulated by Robert Ellickson who discussed how the invention of barbed wire allowed smaller lots to be used for breeding cattle, thereby changing the economics of such land use. See Ejan MacKaay, “Intellectual Property and the Internet: The Share of Sharing,” in Neil Netanel, Niva Elkin-Koren, & Victor Bouganis, eds, *The Commodification of Information* (The Hague: Kluwer Law International, 2001). See also Robert Ellickson, “Property in Land” (1993) 102 Y. L. J. 1315.

26 Mark Stefik, “Shifting the Possible: How Trusted Systems and Digital Property Rights Challenge us to Rethink Digital Publishing” (1997) 12 Berkely Tech. L.J. 137 cited in Canada, Canadian Heritage, <www.pch.gc.ca/progs/ac-ca/progs/pda-cpb/pubs/protection/2_e.cfm?nav=o>.

printing, traitor tracing, authentication, integrity checking, access control, tamper-resistant hard and software, key management and revocation as well as risk management architectures.”²⁷ Some of these technologies are used to *enforce* corporate copyright policies and pricing schemes imposed by a DRM through a registration process that requires purchasers to hand over certain bits of personal information. As Lee Bygrave describes it:

The registration could be stored centrally within the system and/or embedded as (part of) digital watermarks in the works themselves. The works might also be configured to enable ongoing (or periodic) registration of the way in which they are used by the purchaser, transmission of these usage data back to a central monitoring service provider, and/or automatic renewal/modification of usage rights on the basis of online interaction with the provider — i.e., what Greenleaf aptly terms “*IP phone home*.”²⁸

In addition to its ability to “phone home,” other technologies are used to *express* copyright permissions in “rights expression languages” and other forms of metadata that make a DRM policy machine-readable.²⁹ Rights expression languages are the bridge to the *second component* of DRM, which consists of a set of legal permissions. In the current context, these permissions are typically expressed as a licensing arrangement which, by way of contract, establish the terms of use for the underlying work.³⁰

27 Stefan Bechtold, “The Present and Future of Digital Rights Managements – Musings on Emerging Legal Problems” in Eberhard Becker et al., eds. *Digital Rights Management* (Berlin: Springer Verlag, 2003), 597 at 598 [Bechtold, “The Present and Future of Digital Rights Management”], <www.jura.uni-tuebingen.de/bechtold/pub/2003/Future_DRM.pdf>.

28 Lee A. Bygrave, “Digital Rights Management and Privacy — Legal Aspects in the European Union” in Eberhard Becker et al., eds. *Digital Rights Management — Technological, Economic, Legal and Political Aspects* (New York: Springer, 2003) 418 at 421 [Bygrave, “Digital Rights Management and Privacy”].

29 Bechtold, above note 27 at 598–99.

30 Hugenholtz has defined DRM as a contract, typically a licensing agreement, coupled with technology, typically a technological protection measure such as encryption: Bernt Hugenholtz, “Copyright, Contract and Code: What Will Remain of the Public Domain” (2000) 26 *Brook. J. Int’l L.* 77. See also Daniel Gervais, “Electronic Rights Management and Digital Identifier Systems” (1999) *The Journal of Electronic Publishing*, <www.press.umich.edu/jep/04-03/gervais.html>. Given that DRM can be used to manage permissions beyond copyright, the second component need not look anything like typical IP licenses. As Jonathan Weinberg has put it, “[t]he term ‘rights management’ is commonly associated with the protection of intellectual property rights, but

The technological components of most full-blown DRMs are linked to a database which enables the automated collection and exchange of various kinds of information among rights owners and distributors about the particular people who use their products; their identities, their habits, and their particular uses of the digital material subject to copyright.³¹ The information that is collected and then stored in these databases can be employed in a number of different ways. For example, it could be employed to promote the authorized use of an e-book by restricting access only to those who have paid to use the work, or by restricting their ability to subsequently distribute it to others who have not. Other related applications of the database usage information include the ability to identify the user's machine in order to prevent use of the material on other machines or to restrict the total number of times that the work can be accessed by that machine.

The surveillance features associated with the database are crucial to the technological ment of the licensing component. It is through the collection and storage of usage information that DRMs are able to "authorize use" in accordance with the terms of the licensing agreement and thereby "manage" copyrights.³²

Together, the database and the license allow owners of digital content to unbundle their copyrights into discrete and custom-made products. And, since they are capable of controlling, monitoring, and metering most uses of a digital work, DRMs can be linked to royalty tracking and accounting systems. On this basis, DRM optimists believe that it will offer a secure framework for distributing digital content, promising that copyright owners will receive adequate remuneration while enabling a safe electronic marketplace that offers to consumers previously unimaginable

it need not be so limited. One can think of rights management as covering any technological means of controlling public access to, and manipulation of, digital resources. That sort of control is basic to any system of networked computing." See Jonathan Weinberg, "Hardware-Based ID, Rights Management, and Trusted Systems" (2000) 52 *Stan. L. Rev.* 1251 T 1255, <http://cyber.law.harvard.edu/ilaw/Contract/Weinberg_Full.html>, [Weinberg, "Hardware-Based ID"].

31 Ian R. Kerr & Jane Bailey, "The Implications of Digital Rights Management for Privacy and Freedom of Expression" (2004) 2 *Info. Comm. & Ethics in Society* 87 [Kerr & Bailey, "Implications of Digital Rights Management"].

32 Jeffrey P. Cunard, "Technological Protection of Copyrighted Works and Copyrighted Management Systems: A Brief Survey of the Landscape," *ALAI Congress* 2001, at 2 [Cunard, "Technological Protection"] <www.alai-usa.org/2001_conference/pres_cunard.doc>.

business models beyond sales and subscriptions, such as highly individualized licensing schemes with variable terms and conditions.³³

C. DIGITAL ROUTINE MONITORING?

While much of the above sounds extremely promising for copyright holders and even for consumers who want alternatives to traditional music album formats, etc., there is a dark side to DRM's monitoring and metering capabilities. From this perspective, DRM's glass is half empty. DRM has the ability to monitor an individual's private activities while browsing, sampling, or shopping.³⁴ But it can also be used to collect information or monitor behaviour after a contract is entered into, with the aim of checking compliance with the contract. While it may be linked to the notion of contractual performance, DRM has the ability to "capture in its net a range of personal data that are not strictly required for compliance purposes."³⁵ As Greenleaf has so colorfully characterized it, "IP can phone home to check that it should still be at your place, and there are very considerable limits to what you and others can do about it."³⁶

33 For example, DRMs also make it possible to offer site licences based on numbers of simultaneous users or linked to specific hardware. Terms of use can be based on limited and unlimited use, or time-related use. See, for example Carol Risher, "Technological Protection Measures (Anti-Circumvention Devices) and their Relation to Exceptions to Copyright in the Electronic Environment" (Paper presented to the *IPA Copyright Forum, Frankfurt Book Fair*, 20 October 2000) at 5.

34 See, generally, Lee A. Bygrave, "The Technologisation of Copyright: Implications for Privacy and Related Interests" (2002) *European Intellectual Property Review*, vol. 24(2) 51 [Bygrave, "The Technologisation of Copyright"].

35 Bygrave above note 28 at 432. See generally, *ibid*.

36 Greenleaf, above note 10 at 53. For example, in 1999 the maker of the popular "RealJukebox" software, embedded a "Globally Unique Identifier" (GUID) that was capable of combining music-listening habits with personal information such as home addresses and credit card numbers. Only after public outcry did they pull this version of their player from the market: Courtney Macavinta, "RealNetworks puts a patch on privacy concerns," *CNET News.com* (1 November 1999), <<http://news.com.com/2100-1040-232268.html?legacy=cnet>>. Although most popular commercial music sites have learned from the RealJukebox experience, placing limits on the disclosure to third parties of personal information linked with usage statistics, services such as "Napster to Go" collect personal usage information, including "... tracks that you may have listened to offline on compatible portable devices," and "... use your personally identifying usage data for a variety of service-related purposes," Napster Privacy Policy, <www.napster.com/privacypolicy.html> (29 January 2005).

It should therefore be evident that a full-blown DRM is much more than just a “virtual lock” or “digital fence.” Alex Cameron recently described them as follows:

DRM systems typically travel with copyright works and function like electronic security guards to monitor and control access and use of those works wherever they go. DRM is a form of persistent protection that is tied to works.³⁷

Surprisingly, the bulk of writing on the subject of DRM has, to date, focused primarily on copyright policy. Despite the fact that the capacity to monitor and meter customer habits is an essential feature of DRM, the level of sustained focus on the privacy aspects of DRM in Canada is practically nil³⁸ and, worldwide, is surprisingly sparse.³⁹ As Julie Cohen has noted:

37 Alex Cameron, “Infusing Privacy Norms in DRM: Incentives and perspectives from law” in Yves Deswarte et al., eds. *Information Security Management, Education and Privacy*, IFIP 18th World Computer Congress, TC11 19th International Information Security Workshops, 22–27 August 2004, (Toulouse, France: Kluwer, 2004) at 2, <www.anonequity.org/bigfiles/Alex%20Cameron%20-%20Infusing%20Privacy%20Norms%20in%20DRM.pdf> [Cameron, “Infusing Privacy Norms in DRM”].

38 Ontario’s Information and Privacy Commissioner wrote an excellent article uncovering the issues in 2002: Ann Cavoukian, “Privacy and Digital Rights Management (DRM): An Oxymoron?” (2002) Information and Privacy Commissioner/Ontario, <www.ipc.on.ca/docs/drm.pdf>; Kerr & Bailey, above note 31; A. Cameron, “Digital Rights Management: Where Copyright and Privacy Collide” (2004) 2 C.P.L.R. 14 [Cameron, “Digital Rights Management”]; Geist, “Canada Rejects One-Sided Approach to Copyright Reform” *The Toronto Star*, (28 March 2005); <www.michaelgeist.ca/resc/html_bkup/mar282005.html>, Michael Geist, “‘TPMs’: A perfect storm for consumers” *The Toronto Star* (31 Jan 2005) <www.michaelgeist.ca/resc/html_bkup/jan312005.html>; Michael Geist, “Canada’s on-line copyright policy takes shape” *The Globe and Mail* (12 July 2001), <<http://news.globetechnology.com/servlet/GAMArticleHTMLTemplate?tf=globetechnology/TGAM/NewsFullStory.html&cf=globetechnology/tech-config-neutral&slug=TWGEISY&date=20010712>>.

39 Bechtold, above note 27; Lee A. Bygrave & Kamiel Koelman, “Privacy, Data Protection and Copyright” in Bernt Hugenholtz, ed., *Copyright and Electronic Commerce: Legal Aspects of Electronic Copyright Management* (The Hague: Kluwer Law International, 2000); Bygrave, “The Technologisation of Copyright,” above note 34; Bygrave, “Digital Rights Management and Privacy,” above note 27; Cohen, “A Right to Read Anonymously,” above note 17; Cohen, “DRM and Privacy,” above note 17; Michael Einhorn, “Digital Rights Management, Licensing, and Privacy” (2002), <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=332720>; Greenleaf, “IP, Phone Home,” above note 10; Weinberg, “Hardware-Based ID,” above note 30.

For the most part, the privacy implications of DRM systems go unexamined in the mainstream legislative and policy debates about the proper scope of a copyright owner's rights. Instead, courts and some commentators (and many intellectual property lawyers) have challenged the design of DRM systems as grounded, unproblematically, in principles of copyright and justified by reference to a copyright owner's need to enforce its "property rights." Yet it is far from obvious why this should be so.⁴⁰

Graham Greenleaf — one of a handful of other scholars who have published extensively on this subject — shares Cohen's concern. According to Greenleaf, "[i]n the worst scenarios, the surveillance mechanisms being developed ... may ... bring about the end of the anonymity of reading."⁴¹

It is worth noting that the paucity of policy debate around the privacy issues is not because these issues arose recently or unexpectedly. In fact, Cohen presciently diagnosed the problem the very same year that *WCT* and *WPPT* were carved into silicon:

In truth, however, the new information age is turning out to be as much an age of information *about* readers as an age of information *for* readers. The same technologies that have made vast amounts of information accessible in digital form are enabling information providers to amass an unprecedented wealth of data about who their customers are and what they like to read. In the new age of digitally transmitted information, the simple, formerly anonymous acts of reading, listening, and viewing — scanning an advertisement or a short news item, browsing through an online novel or a collection of video clips — can be made to speak volumes, including, quite possibly, information that the reader would prefer not to share.⁴²

Although referred to as "rights management" systems, what DRM *really* manages is people — by collecting information about them 24/7 through automated, often surreptitious surveillance technologies.⁴³

40 Julie Cohen, "Overcoming Property: Does Copyright Trump Privacy?" (2002) U. Ill. J.L. Tech & Pol'y 375 [Cohen, "Overcoming Property"], <www.law.georgetown.edu/faculty/jec/overcomingproperty.pdf>, at 102.

41 Greenleaf, above note 10 at 14.

42 Cohen, "A Right to Read Anonymously," above note 17 at 981.

43 See generally, Kerr & Bailey, "Implications of Digital Rights Management," above note 31 at 89.

Through the collection of information, DRM affects a shift in social power by exacting greater control over information and, more crucially, knowledge. DRM entails a disenfranchisement through the erosion of previously enjoyed public spaces in which knowledge was shared and transferred outside the eye of the powerful — in other words, privately. DRM is a technology of the powerful, for the powerful, that seeks to invade previously private spaces and reconstruct and control individual actions for its own purposes. The erosion of privacy goes beyond the individual, and as the space for private, autonomous action shrinks, there are significant political consequences. From this perspective, DRM is a form of social control.⁴⁴

Since the purpose of the proposed anti-circumvention provisions is to enable DRM and to facilitate its implementation as a primary means of enforcing digital copyright, it should not be difficult to see that privacy protection becomes an increasingly significant consideration in contemplating the details of Canada's proposed anti-circumvention provisions. After all, DRM and other technologies adopted by the private sector displace the adage that one's home is one's castle. The moats are long gone, and it is no longer sufficient to draw the blinds. DRM enables — and the law in many jurisdictions currently permits — surveillance within what was once the seclusion of our homes, including “the ability to collect fine-grained information about uses of DRM-protected content and the ability to reach into [citizens'] homes and restrict what they can do with copies of works for which they have paid.”⁴⁵ With an increasing reliance on automation and wireless technologies, these monitoring systems are becoming our more constant companions, wherever we go. The key difference is that these companions are seeking to monitor what is going on in *our heads*. This is a dangerous practice to allow, especially when one considers that many of the corporations building these mechanisms of social control into the content delivery system are also attempting to corner the production market as well, embedding corporate imperatives into the content itself right across the spectrum. When this happens, the erosion of public spaces for debate and thoughtful exchange disappear because the roadway *and* the scenery are artificially controlled.⁴⁶

44 I owe this point to Valerie Steeves.

45 Cohen, “Overcoming Property,” above note 40, 41 at 101.

46 I owe this point to Valerie Steeves.

D. PRIVACY'S PLACE IN THE "APPROPRIATE BALANCE"

Copyright policy, freedom of expression, and access to information issues aside,⁴⁷ it should be evident from the above description that the current, mainstream orientation of DRM could have the effect of shifting certain public powers into the invisible hands of private control. Given DRM's extraordinary surveillance capabilities, it is extremely difficult to imagine why the Government of Canada has failed to address *any* aspects of the privacy implications of DRM in drafting its anti-circumvention provisions. Especially, in light of legislative reforms that use the law to further enable DRM and to facilitate its implementation as a primary means of enforcing digital copyright. In this new role, DRM will be ambient, ubiquitous, and omnipresent.

Clearly, the mere existence of Canada's federal data protection legislation is not the reason.⁴⁸ The more likely explanation is the increasingly common misconception, recently exemplified by the Federal Court of Appeal, that, "[a]lthough privacy concerns must ... be considered ... they must yield to public concerns for the protection of intellectual property rights in situations where infringement threatens to erode those rights."⁴⁹ Although this point of view has gained much currency in a world where powerful property stakeholders and private sector lobbyists are often able to set the agenda, this perspective is problematic. Intellectual property rights are in-

47 These subjects are dealt with elsewhere in this book in chapters 1, 9, & 19.

48 With more bark than bite, *PIPEDA* codifies an abstract set of fair information principles, but leaves the Privacy Commissioner of Canada without order-making powers to carry out sanctions in any manner proportional to the damage that will be done by DRM and other online privacy-invasive technologies: *PIPEDA*, above note 19, s. 12. Likewise, the Privacy Commissioner has no power to order damages. That remedy is limited to the courts: *PIPEDA*, above note 19 s. 16(c). Further, the administrative process requires that the complaint be brought to the Privacy Commissioner first, creating cost burdens for the complainant and significant delays in the ultimate resolution of conflicts by the courts. See Generally, Michael Geist, "Weak enforcement undermines privacy laws" *The Toronto Star* (19 April 2004) <www.michaelgeist.ca/resc/html_bkup/april192004.html>.

49 *BMG Canada Inc. v. John Doe*, 2005 FCA 193, [2005] F.C.J. No. 858, <www.fca-caf.gc.ca/bulletins/whatsnew/A-203-04.pdf>, Sexton J. at para. 41. But see Lebel J. *Society of Composers, Authors and Music Publishers of Canada v. Canadian Assn. of Internet Providers*, [2004] 2 S.C.R. 427, <www.canlii.org/ca/cas/scc/2004/2004scc45.html>, at para. 153 who says that: "Insofar as is possible, this Court should adopt an interpretation ... that respects end users' privacy interests, and should eschew an interpretation that would encourage the monitoring or collection of personal data gleaned from Internet-related activity within the home."

deed a fundamental component in the “appropriate balance” contemplated by the *Copyright Act*⁵⁰ and the courts’ interpretation of it.⁵¹ Still, the “property” rationale and the Government’s goal of “provid[ing] rights holders with greater confidence to exploit the Internet as a medium for the dissemination of their material and ... consumers with a greater choice of legitimate material,”⁵² are an insufficient basis for permitting DRM to circumvent privacy whenever there is a conflict.⁵³ The presumption that property must trump privacy, or even that it generally trumps, is “far too narrow, and ignores a number of important public policy considerations.”⁵⁴

Although it is beyond the scope of this chapter to attempt a survey of all relevant public policy considerations⁵⁵ in determining an “appropriate

50 *Statement*, above note 12.

51 See for example, *Theberge v. Galerie d’Art du Petit Champlain Inc. et al* (2002), 210 D.L.R. (4th) 385 (S.C.C.), 285 N.R. 267, Binnie J. at para. 30: “The *Copyright Act* is usually presented as a balance between promoting the public interest in the encouragement and dissemination of works of the arts and intellect and obtaining a just reward for the creator The proper balance among these and other public policy objectives lies not only in recognizing the creator’s rights but in giving due weight to their limited nature.... In interpreting the *Copyright Act*, courts should strive to maintain an *appropriate balance* between these two goals.” (Emphasis added).

52 *Statement*, above note 12.

53 Whether to enable the piracy of personal information or generally to monitor citizens’ behaviour.

54 Cohen, “Overcoming Property” above note 40 at 102. Built into this presumption is a failure to recognize the appropriate limits to intellectual property, which, I shall argue below, is itself the result of a failure to recognize appropriate limits of DRM licences.

55 A fourth public policy consideration not fully addressed here is the privacy protection afforded by the *Canadian Charter of Rights and Freedoms*. The *Charter* is relevant in two ways. First, it protects and places a high value on privacy. Second, although private actors do not attract *Charter* scrutiny, it is plausible that the *Charter* is operative in circumstances where private DRM surveillance is enabled by Government-enacted laws.

On the first point, the courts have equated protection from unreasonable search and seizure with a reasonable expectation of privacy and have interpreted that expectation broadly: *Hunter v. Southam Inc.*, [1984] 2 S.C.R. 145 at 159–60. Courts have adopted a purposive approach, noting that privacy: (i) is grounded in physical and moral autonomy, (ii) is essential for the well-being of the individual, and (iii) goes to the essence of a democratic state: *R. v. Dyment* [1988] 2 S.C.R. 417 at 17.

On the second point, it is unclear whether the privacy guarantees set out in the *Charter* are applicable in the case of DRM. Section 32(1) states that the *Charter* applies only to government. The Supreme Court of Canada has made some attempts to define what constitutes governmental action for the purposes

balance” for DRM and privacy, in this section, I will briefly consider three: (i) the Anonymity Principle; (ii) Individual Access; and (iii) DRM Licenses. These will form the basis for three recommendations that I will then offer in response to Canada’s proposed anti-circumvention laws in the section that follows.

1) The Anonymity Principle

The ability to disconnect one’s identity from one’s actions is of tremendous instrumental value to intellectual development and intellectual achievement. Millions of people use the Internet to experiment, engaging in a social process of self-discovery by testing the plasticity of their identities and the social norms from which they are constituted.⁵⁶ The ability to use “nyms” — alternative identifiers that can encourage social experimentation and role playing — is “an important part of the rich fabric of human culture.”⁵⁷

More generally, the ability to be anonymous has significant social utility, facilitating the flow of information and communication on public issues,

of s. 32(1), holding that some government intervention (such as delegating legislative powers) would be required for the *Charter* to apply to private parties: *Retail, Wholesale and Department Store Union, Local 580 v. Dolphin Delivery*, [1986] 2 S.C.R. 573 at para. 39.

In the case of DRM, the Government’s choice to develop a legislative regime that protects and even promotes DRM surveillance (by prohibiting circumvention) could in some circumstances have the effect of delegating law-making power to private parties. This is achieved by enabling the stronger party to decree and then automate the enforcement of private rules in a manner that interferes with individuals’ ability to exercise privacy rights or (re)claim their reasonable expectation of privacy. Although DRM surveillance is itself a private activity, the enactment of anti-circumvention legislation designed to protect DRM’s surveillance capabilities might in this sense be said to constitute governmental action of the sort capable of attracting *Charter* scrutiny. Alternatively, even if the *Charter* is itself inapplicable, the values it represents may well be relevant, as the Supreme Courts has held that: “the judiciary ought to apply and develop the principles of the common law in a manner consistent with the fundamental values enshrined in the Constitution.”: *Dolphin Delivery* at para. 39.

Although further development of a constitutional argument is beyond the scope of this chapter, suffice it to say that constitutional issues are not irrelevant to a discussion of DRM and privacy.

56 Ian R. Kerr & Alex Cameron, “Nymity, P2P & ISPs” in *Privacy and Identity: The Promise and Perils of a Technological Age* (Kluwer Academic Publishing) [forthcoming 2005].

57 Roger Clark, *Famous Nyms* (31 August 2004), <www.anu.edu.au/people/Roger.Clarke/DV/FamousNyms.html>.

safeguarding personal reputation and lending voice to individual speakers who might otherwise be silenced by fear of retribution.⁵⁸ Anonymity can enhance privacy by making it more difficult for others to control the collection, use, and disclosure of one's personal information. Anonymity can also be used to protect people from unnecessary or unwanted intrusions and to "encourage attention to the content of a message or behavior rather than to the nominal characteristics of the messenger."⁵⁹ Intellectual consumption and exploration often require a similar sort of social disconnect.⁶⁰ Privacy's goal of becoming "more or less inaccessible to others, either on the spatial, psychological or informational plane,"⁶¹ is often an important part of the process of intellectual achievement.

Like intellectual property, the social utility of anonymity has limits. As Lawrence Lessig once remarked, in its broader context, "[p]erfect anonymity makes perfect crime possible."⁶² While illegal copying of MP3s is unlikely to unravel civilization as we know it, a more generalized ability to commit perfect crime might. There are good reasons to fear a society in which people believe that they are able to act with impunity. Perfect anonymity would enable those who wish to engage in wrongdoing to step outside of existing social norms by undermining the usual mechanisms of accountability and making it extremely difficult for law enforcement agencies to apprehend them. Fortunately, as Jonathan Weinberg astutely points out, the Internet presents an imperfect blend of anonymity and identifiability; a space where the prospect of true anonymity is often more apparent than real.⁶³

But, as the previous section illustrated, that blend of anonymity and identifiability could substantially change with DRM thrown into the mix.

58 See generally, Gary T. Marx, "What's in a Name? Some Reflections on the Sociology of Anonymity" (1998) 15(2) *Info. Soc'y* 99; A. Michael Froomkin, "Anonymity in the Balance" in Chris Nicoll et al. eds., *Digital Anonymity and the Law* (Cambridge: Cambridge University Press, 2003).

59 Marx, *ibid.*

60 Cohen, "DRM and Privacy," above note 17 at 576.

61 Bygrave, "Digital Rights Management and Privacy," above note 28 at 420. See also Ruth Gavison, "Privacy and the Limits of Law" (1980) 89 *Yale L.J.* 421 at 422. It is for this reason that many jurisdictions have adopted legal measures to limit what might be known about what an individual borrows from a library, rents from a video store, or subscribes to from a cable network.

62 Lawrence Lessig, "The Path of Cyberlaw" (1995) 104 *Yale L.J.* 1743 at 1750. See also A. Michael Froomkin, *Anonymity and Its Enemies* (June 1995) *J. Online L. Art.* 4, <www.wm.edu/law/publications/jol/95_96/froomkin.html>, at para. 46.

63 Weinberg, "Hardware-Based ID, Rights Management, and Trusted Systems," above note 30 at 1259.

Recall that “IP phone home” and other features of DRM can be used to reduce or eliminate an individual’s ability to consume intellectual goods anonymously. In analog environments, we can buy books, CDs, movies and the like by paying with cash. Paperbacks cannot report back to publishers about their usage.⁶⁴ By imposing a network of automated transactions between distributors, their products, users, and use, DRM threatens intellectual achievement by reducing the privacy in intellectual pursuits.

It is crucial to mention that DRM need not impose such threats. To say that DRM is inherently privacy-invasive is to commit what Lessig once referred to as the *IS-ism*.⁶⁵ Paraphrasing Lessig, to commit this fallacy is to confuse how something is with how it must necessarily be. While the preceding section attempted to characterize DRM as it is, there is no reason why DRM has to remain this way rather becoming something else. There is in fact

... an emerging scholarship which asks how DRM systems could be altered in a value-centered design process so that important policy and legal values are preserved.⁶⁶

Many of the writers in this field recognize that respecting end-user privacy in fact makes good business sense. To commence such a project, though, one must first articulate the purpose of DRM. Weinberg very thoughtfully distilled its *raison d’être* as follows:

[...] content providers wish to be sure that a packet stream requesting access comes from a person who has paid or is otherwise entitled to access.⁶⁷

64 Greenleaf, above note 10 at 17.

65 Lawrence Lessig, *Code and Other Laws of Cyberspace* (New York: Basic Books, 1999) at 24–29 [Lessig, “Code and Other Laws”].

66 Bechtold, above note 27 at 599. See also Stefan Bechtold, “Value-Centered Design of Digital Rights Management – Perspectives on Emerging Scholarship” (2004), INDICARE Monitor Vol. 1, No. 4, <www.indicare.org/tiki-read_article.php?articleId=39>; Cohen, “DRM and Privacy,” above note 17; Cameron, “Infusing Privacy Norms in DRM,” above note 37; Batya Friedman, Peter H. Kahn Jr., & Alan Borning, “Value Sensitive Design and Information Systems” in Ping Zhang & Dennis Galletta, eds., *Human-Computer Interaction in Management Information Systems: Foundations* (New York: M.E. Sharpe, Inc., 2004); Helen Nissenbaum, “Values in Design,” <www.nyu.edu/projects/valuesindesign/index.html>.

67 Weinberg, above note 30 at 1279. For present purposes, I will fully ignore the burning policy issues around whether DRM should be allowed to create a *de facto* access-control right, which I have addressed elsewhere, see Kerr et al.,

Weinberg goes on to say that achieving this end *does not* require pervasive monitoring, nor does it require the collection of personal information about identifiable individuals. The only design feature that the content provider really needs is a means of verifying that the person seeking access or use has the right credentials; that is, that the person has sufficient money or credit, that he is old enough to view the content, that she resides in the jurisdiction making her eligible to vote, etcetera.⁶⁸ Interestingly, this idea is not a new one. In fact, as Weinberg notes, David Chaum addressed these issues two decades ago and provided proofs for how it could be achieved. In short, the methods of cryptography — a key technology of DRM — can be used to prove one's credentials without any need to demand or log that person's identity.⁶⁹ The method allows content owners to enforce contractual restrictions and hold users accountable without the need to collect personal information, monitor, or meter their behaviour. To the extent that this is possible and DRM continues to collect, monitor, and meter behaviour, DRM is an express means of restructuring power relationships.

Unlike many of the DRM systems currently in place or anticipated, Chaum's technologies respect the *anonymity principle*. This principle is firmly in place in a number of jurisdictions with strong privacy and data protection laws. For example, Australia's national privacy law states that:

Whenever it is lawful and practicable, individuals must have the option of not identifying themselves when entering transactions with an organization.⁷⁰

Germany has similar provisions in its *Federal Data Protection Act* and its *Teleservices Data Protection Act*:

"Tilting at Copyright's Windmill," above note 5 and which is further studied by Jane Bailey in chapter 5.

68 *Ibid.*

69 David Chaum, "Security Without Identification: Transaction Systems to Make Big Brother Obsolete" (1985) 28 Communications of the Association for Computing Machinery 1030 at 1030; David Chaum, "Achieving Electronic Privacy" *Scientific American* (August 1992) at 96, <<http://ganges.cs.tcd.ie/mepeirce/Project/Chaum?sciam.html>>. Why Chaum's proven techniques (and the many innovations he has subsequently inspired) have experienced failure in the marketplace, despite achieving Weinberg's specification of the original aim of DRM, is an interesting question worthy of pursuit. See <www.anonequity.org>.

70 **Australia: Privacy Act 1988** (Cth), as amended by the *Privacy Amendment (Private Sector) Act 2000* (Cth), Schedule 3, Principle 8 <www.privacy.gov.au/publications/privacy88_o30504.pdf>.

s. 3(a) [*Federal Data Protection Act*] The organisation and choice of data-processing systems shall be guided by the objective of collecting, processing and using as little personal data as possible. In particular, use shall be made of the possibilities of anonymisation and pseudonymisation where possible and where the effort entailed is proportionate to the interests sought to be protected.

s. 4(6) [*Teleservices Data Protection Act*] The provider shall make it possible for the user to utilize and pay for teleservices anonymously or under a pseudonym if this is technically possible and can be accomplished at reasonable effort. The user shall be informed of this possibility.⁷¹

In addition to explicit provisions such as these, European scholars such as Lee Bygrave have interpreted provisions of the European Community *Data Protection Directive*⁷² to include “that persons should be given the opportunity to remain anonymous when entering into transactions with others.”⁷³ According to Bygrave:

71 *Federal Data Protection Act of 1990, as amended in 2001* (*Bundesdatenschutzgesetz -*) (Germany), <www.datenschutz-berlin.de/recht/de/bdsg/bdsg01_eng.htm#sec3>; *Information and Communication Services Act of 1997* (*Informations- und Kommunikationsdienste-Gesetz – luKDG*) (Germany), Article 2, *Teleservices Data Protection Act* (*Teledienstedatenschutzgesetz TDDSG*) as amended in 2001, <www.iid.de/iukdg/aktuelles/fassung_tddsg_eng.pdf>.

72 *Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data*, [1995] O.J.L 281 at 31 [DPD], <<http://europa.eu.int/eur-lex/lex/LexUriServ/LexUriServ.do?uri=CELEX:31995L0046:EN:HTML>>.

73 Bygrave cites *DPD*, Art. 6(1)(e) and (c), together with Articles 7-8: Bygrave, above note 28 at 429. As well, Bygrave also discussed anonymity as a legal principle in *Data Protection Law: Approaching its Rationale, Logic, and Limits* (The Hague: Kluwer International, 2002) at 346-347 [Bygrave, “Data Protection Law”]. An instantiation of the *DPD* has already found application in Sweden, where DRM-type software was used to record the IP-addresses of file sharers, as well as the alias, the file name, and the server through which the connection was made. Sweden’s Data Inspection Board ruled that Antipiratbyrån, Sweden’s anti-piracy group, breached the *Personal Data Act* in its hunt for illegal file-sharers (holding that if an IP address can be linked to an individual it is classed as personal information and therefore falls under the *Personal Data Act*). See *The Local* (10 June 2005), <www.thelocal.se/article.php?ID=1581&date=20050610&PHPSESSID=cecof791dac40515ca2fa14f43d2b762>.

It is perhaps plausible, though, to argue that Art 6(1)(e) of the EC Directive, in conjunction with the stipulations in Arts 6(1)(c), 7 and 8, already embody a general principle requiring that there be transactional anonymity unless overriding legitimate interests exist to the contrary. More tenuously, such a principle could also be read as implying that active consideration be given to crafting technical solutions for ensuring transactional anonymity.⁷⁴

Applying Bygrave's interpretation to the Canadian context, the anonymity principle is rooted in its broader adjunct, referred to in *PIPEDA* as the "appropriate purposes" principle. According to this principle, "[a]n organization may collect, use or disclose personal information only for purposes that a reasonable person would consider are appropriate in the circumstances."⁷⁵ As noted above, since many of the current identification and surveillance features of DRM generally are not necessary, and therefore are generally inappropriate incursions on privacy, there is good reason to think that the "appropriate purposes" principle is applicable to protect the anonymity of those who obtain content through the distribution channels of DRM.

Infusing the anonymity principle into the design of DRM is certainly to be promoted as a matter of public policy. The fact that such techniques are possible and that there is an emerging scholarship on infusing value sensitive design into DRM is encouraging. Given the current state of DRM, these techniques are necessary conditions of placing privacy in the "appropriate balance." Though necessary, it is crucial to recognize that these conditions are by no means sufficient. Given the market failures of privacy-enhancing technologies to date,⁷⁶ law must also be used to ensure the appropriate balance. Just as the copyright industries claim that law is needed to protect DRM, law is also needed to protect citizens against

74 Bygrave, "Data Protection Law," *ibid.* at 346–47.

75 *PIPEDA*, above note 19, s. 5(3).

76 For example, Digicash – Tim Clark, "Digicash files Chapter 11" *CNET News.com* (4 November 1998) <<http://news.com.com/2100-1001-217527.html?legacy=cnet>>. For example, Zero-Knowledge Systems – Robert Lemos, "Net users lose a secret-alias tool" *CNET News.com* (4 October 4 2001) <<http://news.com.com/2100-1023-273956.html>>; Tom Mainelli, "SafeWeb Dumps Free Online Privacy Service" *PC World.com* (21 November 2001), <www.pcworld.com/news/article/0,aid,72466,00.asp>. See generally, Lee A. Bygrave, *Privacy-Enhancing Technologies – Caught between a Rock and a Hard Place*, (2002) 9 *Privacy Law & Policy Reporter* 135; Ian Goldberg, *Privacy-enhancing technologies for the Internet, II: Five years later*, <www.freehaven.net/anonbib/papers/petfive.pdf>.

DRMs designed to circumvent the anonymity principle where there is no justification for doing so.

The anonymity principle is not new, nor is it unrelated to the domain of intellectual property. The two concepts are not at odds. As Greenleaf pointed out,

We expect to be able to maintain our anonymity when we pay for copyright works (at least unless there are stringent justifications to the contrary). We expect to be able to experience the use of copyright works free from surveillance, even though we pay for them. We expect that copyright owners' control or monitoring of uses of works will be limited to specific statutory rights once we have paid for them. We extend our expectation of use in private to the fair uses for which we have not paid. All of these private uses are essential to the limits that must be placed on copyright if we are to have a creative commons, or a democratic society. Surveillance is inimical to creativity. We cannot expect people to "stand on the shoulders of giants" to create in the full glare of spotlights.

Our traditional bundle of rights (or privileges to enjoy works in private) is no accident. It is a feature, not a bug.⁷⁷

A government-enabled DRM that does not include counter-measures placing limits on DRM's capacity to collect, meter, monitor, and control information about identifiable individuals threatens the anonymity principle in particular and privacy in general. Silence on these issues in the copyright reform process therefore threatens the concomitant roles that anonymity and privacy play in fostering that which lies at the very heart of copyright: creativity and intellectual achievement.

77 Greenleaf, above note 10 at 19. On occasion, copyright law has itself been invoked to protect privacy and secrecy interests. In one well-known case, J.D. Salinger used copyright law to prevent Ian Hamilton from publishing excerpts from his letters in a biography: *J.D. Salinger v. Random House, Inc. and Ian Hamilton*, 818 F.2d 252 (2nd Cir. 1987), <www.bc.edu/bc_org/avp/cas/comm/free_speech/salinger.html>. In another famous decision, the Australian Government used copyright law to prevent the Fairfax newspapers from publishing certain sensitive foreign affairs dossiers: *Commonwealth v. John Fairfax and Sons Ltd.* (1980), 147 C.L.R. 39, <www.austlii.edu.au/au/cases/cth/HCA/1980/44.html>. While these cases reveal that there is no inherent contradiction between copyright and privacy, much depends on whether the person seeking privacy is the owner of the information in question. In any event, it is not copyright but rather one-sided anti-circumvention laws that threaten privacy.

2) Individual Access

In addition to the need to place limits on the use of DRM, the concept of an “appropriate balance” is also relevant to the Government’s chosen strategy for protecting technical measures — which is to place legal restraints on people’s ability to circumvent them. As discussed above, TPMs are a kind of *digital* lock. The proposed restraints on circumvention are a kind of *legal* lock. In the above subsection, my aim was to demonstrate that, since balance is the goal, every lock needs a key. But what happens if there is no digital key? In this brief subsection, I suggest that every digital lock without a key needs a legal locksmith. In other words, laws are necessary to ensure that digital locks can and will be opened when access is justified.

In the copyright context, it is well known that one of the chief concerns about DRM is its ability to lock up a work. The ability to control access has the effect of skewing copyright’s delicate balance because the exercise of many of the balancing provisions in the *Copyright Act* are premised on the ability to gain access to the work in the first place.⁷⁸ Consequently, the only way to restore balance is to create a positive obligation on the copyright holder to ensure that alternative means of obtaining access to a work remain available.⁷⁹ Under this approach, copyright owners would have a positive obligation to provide access-to-a-work when persons or institutions fall within an exception or limitation set out in the *Copyright Act*. Such an obligation might entail the positive obligation to allow access to works in the public domain, or to provide unfettered access-to-works to educational institutions and other organizations that are currently exempted from a number of the provisions in the *Copyright Act*.⁸⁰

Returning to DRM in the privacy context, there are corollary access and control issues stemming from the fair information practices (FIPs) codified in Canadian privacy law. Informational privacy is premised on the idea

78 Kerr *et al.*, “Tilting at Copyright’s Windmill,” above note 4 at 77.

79 A “copy-duty,” as Lessig has called it: Lessig, “Code and Other Laws,” above note 65 at 127. See also Kamiel J. Koelman, “The Protection of Technological Measures vs. the Copyright Limitations” ALAI Congress 2001], <www.ivir.nl/publications/koelman/alaiNY.html>.

80 R.S.C. 1985, c. C-42, ss. 29-30, <<http://laws.justice.gc.ca/en/C-42/>>. In one variant of this approach, a trusted third party, who holds a copy of the digital work in escrow, could be tasked with resolving access disputes: Dan L. Burk & Julie E. Cohen, “Fair Use Infrastructure for Rights Management Systems” (2001) 15 Harv. J.L. & Tech. 41 at 63 [Burk & Cohen, “Fair Use Infrastructure”], <<http://jolt.law.harvard.edu/articles/pdf/15HarvJLTech041.pdf>>.

that individuals ought to be able to determine for themselves when, how, and to what extent information about them is communicated.⁸¹ As is the case with access to digital content, an individual's ability to control personal information in some instances depends on that individual's ability to gain access to it in the first place. Canada's privacy legislation contemplates this possibility and posits a general duty upon organizations to ensure that the individual has knowledge of and consents to the collection,⁸² and subsequently to provide an individual with access to personal information which has been collected about him or her.⁸³ Like digital content, personal information that is collected is sometimes locked-up in a technological measure or a DRM database so that an individual has no way of knowing what personal information has been collected, nor any means to access it without hacking past the technology. Obviously, this is problematic from the perspective of informational privacy. An anti-circumvention law that is silent with respect to exceptions permitting circumvention in order to obtain control over or access to one's personal information would therefore enable or facilitate those using DRM to circumvent Canadian privacy law.⁸⁴

Without adequate legal measures re-enabling Canadians' ability to access or control personal information that is under digital lock and key, informational privacy (i.e., the ability for Canadians to determine when, how, and to what extent information about them is communicated), will be seriously undermined.⁸⁵

81 See for example, Alan F. Westin, *Privacy and Freedom*, (New York: Atheneum, 1970) at 322.

82 More specifically, Principle 3 in Schedule 1 of *PIPEDA*, above note 19, states that: "The knowledge and consent of the individual are required for the collection, use, or disclosure of personal information, except where inappropriate."

83 More specifically, Principle 9 in Schedule 1 of *PIPEDA*, above note 19, states that: "Upon request, an individual shall be informed of the existence, use, and disclosure of his or her personal information and shall be given access to that information. An individual shall be able to challenge the accuracy and completeness of the information and have it amended as appropriate."

84 *PIPEDA*, above note 19, s. 6 & s. 10; OECD, above note 19, ss. 2 & 7.

85 One might argue that Canadian privacy law would *not* be undermined because *PIPEDA* and substantially similar legislation already allow organizations to engage in the collection of personal information and monitoring so long as they define the purposes for doing so and obtain consent for such purposes. As I argue below in Part E, the digital lock-up of personal information could undermine Canadian privacy law given the requirement in section 5(3) [restricting the collection, use, or disclosure to appropriate purposes determined on a "reasonable person" standard] in conjunction with the higher statutory threshold for consent.

3) DRM Licences

Having canvassed two of the key public policy issues arising from DRM's surveillance capabilities and its ability put a digital lock (and a digital veil) around the personal information it collects, it is also crucial to address issues arising from its legal component, the contractual licence.

Like other contractual devices, an Intellectual Property (IP) licence allows copyright holders to set the terms of use for their products. However, in the DRM context,⁸⁶ intelligent agent technologies⁸⁷ facilitate the automatic "negotiation"⁸⁸ of contractual licences between content providers and users, as well the plethora of informational transactions that are generated as a result of them.

In an automated environment, most informational transactions take place invisibly through software exchanges between machines, about which few humans are aware and fewer still have the technical expertise to alter. Bits and bytes of data, not to mention various forms of personal information, are collected and inconspicuously interchanged without human intervention and often without knowledge or consent. Automation⁸⁹ therefore exacerbates an already problematic inequality in the bargaining power between the licensors and licencees resulting from standard form agreements⁹⁰ and mass market licences.⁹¹ The combination of TPMs and contracts in this manner could

86 Bechtold, above note 27 at 614.

87 For a general discussion of the legal issues surrounding intelligent agents, see Ian R. Kerr, "Spirits in the Material World" (1999) 22 Dalhousie Law Journal 189.

88 The "scare quotes" used here are intentional and meant to indicate what I think is a misleading if not false use of the term "negotiation." The entire point of this sub-section is to indicate that there is no negotiation taking place, and that DRM and the terms of its use are being unilaterally imposed on people through the device of DRM.

89 Automation is a key aspect of the DRM strategy. The automation of transactions — removing human beings from decision-making processes — enables and facilitates the use of one-sided terms in a *contrat d'adhesion*. The success of "Rights Management" depends on it.

90 See W. David Slawson, "Standard Form Contracts and Democratic Control of Lawmaking Power" (1971) 84 Harv. L. Rev. 529 at 556; Friedrich Kessler, "Contracts of Adhesion: Some Thoughts About Freedom of Contract" (1943) 43 Columbia L.R. 629 [Kessler, "Contracts of Adhesion"]; George Gluck, "Standard Form Contracts: The Contract Theory Reconsidered" (1979) 28 Int'l & Comp. L.Q. 72.

91 Garry L. Founds, "Shrinkwrap and Clickwrap Agreements: 2B or Not 2B?" (1999) 52 Fed. Comm. L.J. 99; Daniel B. Ravicher, "Facilitating Collaborative Software Development: The Enforceability of Mass-Market Public Software Licenses" (2000) 5 Va. J.L. & Tech. 11.

therefore lead to unfair transactions. As three of the world's leading scholars in the field have expressed:

Are we heading for a world in which each and every use of information is dictated by *fully automated systems*? A world in which every information product carries with itself its own unerasable, non-overridable licensing conditions? A world in which what is allowed and what is not, is no longer decided by the law but by computer code?⁹²

...

Where technological constraints substitute for legal constraints, control over the design of information rights is shifted into the hands of private parties, who may or may not honor the public policies that animate public access doctrines such as fair use. Rights holders can effectively write their own intellectual property statute in computer code.⁹³

End user licences are becoming the rule and content providers the rulers. With increasing frequency, the terms of these licences are used to override existing copyright limitations.⁹⁴ As Guibault aptly articulates:

Concerns arise from the possibility that an unbridled use of technological measures coupled with anti-circumvention legislation and contractual practices would permit rights owners to extend their rights far beyond the bounds of the copyright regime, to the detriment of users and the free flow of information. The copyright bargain reached between granting authors protection for their works and encouraging the free flow of information would be put in serious jeopardy if, irrespective of the copyright rules, rights owners were able to impose their terms and conditions of use through standard form contracts with complete impunity. If this were the case, the copyright regime would succumb to mass-market licenses and technological measures. Unless the legislator clarifies the issue, these concerns may become all too real with the gradual implementation of electronic copyright management systems, whose works are based on technology and con-

92 See Hugenholtz, "Copyright, Contract and Code" above note 30 at 86–87.

93 Burk & Cohen, "Fair Use Infrastructure" above note 80 at 51.

94 See Hugenholtz, "Copyright, Contract and Code" above note 30 at 80. See also, Lucie Guibault, "Contracts and Copyright Exemptions" in Bernt Hugenholtz (ed), *Copyright and Electronic Commerce: Legal Aspects of Electronic Copyright Management* (The Hague: Kluwer Law International, 2000) at 125; Jerome H. Reichman & Jonathan A. Franklin, "Privately Legislated Intellectual Property Rights: Reconciling Freedom of Contract with Public Good Uses of Information" 14 U. Pa. L. Rev. 875.

tractual relations, with the generalization of mass-market licenses as the main vehicle for transactions in information ...”⁹⁵

The above analysis applies *mutatis mutandis* in the privacy context. An unbridled use of TPM with anti-circumvention legislation and contractual practices would permit content owners to extend their surveillance and personal information collection practices far beyond the bounds of what might otherwise be permitted by Canadian privacy law, to the detriment of everyone who uses DRM.⁹⁶ Like copyright, privacy law’s compromise between the needs of organizations⁹⁷ and the right of privacy of individuals (with respect to their personal information) will also be put in serious jeopardy if, irrespective of privacy rules, content owners are able to impose their terms and conditions through standard form contracts with complete impunity.

Allowing TPMs and DRM licences to circumvent the privacy rights of individuals without appropriate counter-measures will undermine the “appropriate balance” that the Government has undertaken to achieve in its copyright reform initiative.⁹⁸ Consequently, there is value in contem-

95 Guibault, *ibid.* at 160.

96 Given that the proposed copyright reforms are part of a global initiative that would enable and facilitate the development of DRM as *the* secure global distribution channel for all digital content, it is arguable that this will affect everyone.

97 To collect, use, or disclose personal information for purposes that a reasonable person would consider appropriate in the circumstances: *PIPEDA* above note 19, s. 3.

98 See *Statement*, above note 12: “One of the public policy principles underlying the *Act* is the need to maintain an appropriate balance between the *rights* of copyright owners and the *needs* of [...] users.” As Jane Bailey has indicated, it is interesting to note the Government’s decision to frame the balance in terms of “owners rights vs. the needs of users.” Framing the policy approach in this manner is unjustifiable given that the *Copyright Act* clearly grants “rights” to users (rather than mere needs) and rights of access to and use of information form part of the constitutionally enshrined right to freedom of expression: see chapter 5. *A fortiori*, Bailey’s critique is bolstered in the privacy context where the legislation itself clearly stipulates in the “Purpose” section the very opposite way of framing the issue:

The purpose of this Part is to establish, in an era in which technology increasingly facilitates the circulation and exchange of information, rules to govern the collection, use and disclosure of personal information in a manner that recognizes *the right of privacy of individuals* with respect to their personal information and *the need of organizations* to collect, use or disclose personal information for purposes that a reasonable person would consider appropriate in the circumstances.

[*PIPEDA*, above note 19, s. 3 (emphasis added)].

plating basic common law principles and their potential applicability for setting appropriate limits on DRM's ability to exploit the law of contract. Though a detailed account of contract law theory is certainly out of place, a succinct discussion regarding some limits on "freedom to contract" merits some attention.

As any first year student will attest, the law of contract commences with the idea of "freedom to contract" — that "the Chancery mends no man's bargain"⁹⁹ — and then systematically proceeds to undermine the idea through various doctrines.¹⁰⁰ Waddams states that, "[p]erhaps the most open opposition to the principle of the free enforceability of contractual agreements has been the striking down of agreements on the ground that they are contrary to public policy."¹⁰¹ While the courts generally tend to avoid interfering with individual bargains, they will in some instances render void a contract that is illegal, whether because it: (i) contravenes a statute, or (ii) is inconsistent with public policy.

Does DRM surveillance contravene *PIPEDA* or its provincial equivalents?¹⁰² To date, the Commissioner has issued no findings directly on this issue. And given that there is no single technological standard for DRM and that different providers offer different terms of use, the more appropriate question is whether DRM surveillance *could* contravene the legislation. Although the answer to this question involves some speculation, there are good grounds for answering in the affirmative. At least, that is what the Privacy Commissioner of Canada thinks. Interested in the privacy implications of DRM for some time, she has expressed her concerns as follows:

We would, naturally, have serious concerns about the design and deployment of any technology that facilitated the fine-grained surveillance of individuals without their informed consent. We would certainly have concerns about any commercial enterprise in Canada that deployed privacy-invasive DRM technologies in contravention of the

99 Lord Nottingham in *Maynard v. Moseley* (1676) 3 Swans. 651 at para. 655.

100 Including, "capacity," "consensus ad idem," "consideration," "privity," "duress," "undue influence," "unconscionability," "illegality," and "public policy."

101 Stephen Waddams, *The Law of Contracts*, 4th ed. (Toronto: Emond Montgomery Publications, 1999) at 399 [Waddams, *The Law of Contracts*].

102 Quebec: *Act respecting the protection of personal information in the private sector*, R.S.Q., c. P-39-1, <www.canlii.org/qc/laws/sta/p-39.1/20040323/whole.html>; British Columbia: *Personal Information Protection Act*, S.B.C. 2003, c. 63, <www.qp.gov.bc.ca/statreg/stat/P/03063_01.htm>; Alberta: *Personal Information Protection Act*, S.A. 2003, c. P-6.5, <www.canlii.org/ab/laws/sta/p-6.5/20050318/whole.html>.

provisions of the *Personal Information Protection and Electronic Documents Act (PIPEDA)* and the fair information practices underlying it.¹⁰³

The above passage, though not intended as dispositive, certainly lends credence to the possibility that a DRM surveillance device engaging in excessive monitoring or collection would contravene *PIPEDA*.¹⁰⁴ The Commissioner went on in that same correspondence to suggest that DRM fits within a class of “similar surveillance issues, including RFID tags, computer spyware, and ‘lawful access’ proposals.”¹⁰⁵

If this is so, then there is good reason to believe that courts might set aside a DRM licence aiming to circumvent *PIPEDA* on the grounds of statutory illegality. After all, as the Supreme Court of Canada ruled long ago, “[i]t would be a curious state of the law if, after the Legislature had prohibited a transaction, parties could enter into it, and, in defiance of the law, compel the courts to enforce and give effect to their illegal transaction.”¹⁰⁶

Even if a particular instance of DRM surveillance would not be found to contravene *PIPEDA* — say, for example, the information collected, used,

103 Letter to Phillipa Lawson and Alex Cameron from Privacy Commissioner of Canada, (24 November 2004), <www.cippic.ca/en/projects-cases/copyright-law-reform/LF%20Privacy%20Commissioner%20re%20copyright%20and%20DRM%20&%20TPM%20-%20Nove%2024%2004.pdf> [Letter]. I am indebted to Alex Cameron for alerting me to the existence of this letter.

104 However, everything would very much depend on how the DRM's collection process was set-up. Consider, for example, the video camera surveillance system used in *Eastmond v. CPR*, [2004] F.C.J. No. 1043. CPR used video cameras to record activities in its Toronto yard, keeping the recordings in a locked area in order to ensure that they were never viewed by anyone unless an incident took place in the yard. If no incidents were reported, the recordings were automatically destroyed within 96 hours. According to the court, no “collection” of personal information occurred until such time as an incident was reported and the videotape viewed. In other words, automated systems that do not involve human observers are not collecting information and therefore not in violation of *PIPEDA*. This decision, if upheld, could have significant ramifications for DRM, since its automation usually does not require human intervention. For a further discussion of this decision and its potential impact on the regulation of DRM monitoring, see Cameron, “Digital Rights Management,” above note 38.

105 Jennifer Stoddart, Letter, above note 103. It should be noted that Commissioner Stoddart was careful to disclose her intention to “maintain the neutrality and impartiality expected of a national ombudsman, in order to be able to address complaints fairly and with credibility. This can sometimes mean neither endorsing nor condemning specific technologies and standards — particularly when not all the facts are known.”

106 *Bank of Toronto v. Perkins* (1893), 8 S.C.R. 603, Ritchie C.J.

or disclosed did not require consent under the Act¹⁰⁷ — a court might still find the terms of use in an end user licence seeking to permit DRM surveillance to be void for public policy.¹⁰⁸ Though notoriously vague, and although the inclination of courts is to defer to the Legislature on such matters, the test for illegality (whether by statute or at common law) seeks to determine whether the contract in question would offend the basis of legal order, as founded upon justice, legality, and morality.¹⁰⁹ As such, even if an argument against DRM surveillance cannot be made under the rubric of statutory illegality, a DRM licence premised on excessive collection of monitoring could still be void on public policy grounds, pursuant to the test for common law illegality.¹¹⁰

Admittedly, it is more difficult to imagine such a finding. After all, courts have been willing to enforce other contracts involving privacy-invasive surveillance. For example, contracts have been enforced involving private investigators,¹¹¹ strippers,¹¹² talk show guests,¹¹³ and even reality television show contestants.¹¹⁴ There are however, important differences between each of these and DRM surveillance.

Private investigators, while their role is to engage in surreptitious surveillance, are not usually able to penetrate a person's home, hard drive, or other intellectual assets such as PDAs, iPods, or online journals. Their surveillance is usually limited to that which is publicly observable. While some people believe that strip clubs are immoral¹¹⁵ or that the sex-industry

107 For example, Principle 4.3 stipulates that "... security reasons may make it impossible or impractical to seek consent." *PIPEDA* above note 19, Sch. 1, cl. 4.3.

108 This doctrine is sometimes referred to as "common law illegality." Gerald H. L. Fridman, *The Law of Contract in Canada*, 4th ed. (Scarborough, ON: Carswell, 1999) at 390–436 [Fridman, *The Law of Contract*].

109 Fridman, *ibid.* at 391.

110 *Egerton v. Brownlow* (1853), 4 H.L. Cas. 1, 10 E.R. 359 at 437 (H.L.), stating that, "no subject can lawfully do that which has a tendency to be injurious to the public or against the public good which may be termed, as it sometimes has been, the policy of the law or public policy in relation to the administration of law."

111 *Shawn Ripplinger v. Sue Edwards* (1996), 140 Sask. R. 230 (QB); *Great Atlantic & Pacific Co. of Canada v. U.F.C.W., Locals 175 & 633 — In the Matter of the Grievance of G. Konefal* (2004), L.V.I. 3446-2 (OAB).

112 *Suave v. Minister of National Revenue* (1995), 132 D.L.R. (4th) 114 (F.C.A.); *Menard v. Tasnadi*, [1987] B.C.J. No. 66 (S.C.).

113 *Sheila C. v. Povich* (2004), 781 N.Y.S. 2d 342.

114 *SEG, Inc. v. Stillman* (2003), Cal. App. Unpub. Lexis 5067. I owe these excellent examples to Daniel Solove.

115 Chris Bruckert & Martin Dufresne, "Re-Configuring the Margins: Taking the Regulatory Context of Ottawa Strip Clubs, 1974–2000" (2002) 17:1 Canadian

engages in practices resulting in the systemic oppression of women,¹¹⁶ the nature of the surveillance is different, from a privacy perspective, since the individuals in question are fully aware of the privacy invasion.¹¹⁷ The same is generally true for talk show guests and reality TV contestants. In the latter instances, the whole point of the contract is remuneration in exchange for some kind of exposure that would otherwise be private. While there may be issues about whether consent is genuine,¹¹⁸ the nature of these privacy invasions are known to the parties and, eventually, felt or understood. Intellectual privacy, as described above, is not really at stake here. The same is not true of DRM surveillance. The subject matter of these contracts is the purchase of intellectual content such as books, CDs, movies, and magazines. These materials are usually consumed in private. Any privacy invasive modalities that occur in the distribution of these products are clearly incidental to the root of the bargain. This creates an additional set of public policy concerns when it comes to the enforceability of DRM licences, the fine print of which seeks to justify the invasive interaction.

Would a DRM licence that permitted excessive monitoring or collection be contrary to public policy? Interestingly, in response to an informal letter posing a public policy question about the potential impact on privacy of DRM technologies, the Privacy Commissioner of Canada recently indicated that:

Journal of Law & Society 69; Nova Sweet & Richard Tewksbury, "What's a Nice Girl Like You Doing in a Place Like This? Pathways to a Career in Stripping" (2000) 20:3 Sociological Spectrum 325.

116 Susan Cole, *Pornography and the Sex Crisis* (Toronto: Second Story Press, 1992); Catherine MacKinnon, *Only Words* (Cambridge, Mass.: Harvard University Press, 1993); Andrea Dworkin, *Pornography: Men Possessing Women*, (London: The Women's Press, 1981).

117 In fact, it is for this reason that the humiliation and degradation that goes along with being required to undress or perform sexual acts in front of people or cameras usually requires some sort of psychological detachment or desensitization akin to that experienced by those subject to Big Brother's telescreen in Orwell's 1984 (George Orwell, 1984, (London: Secker & Warburg, 1949)). DRM surveillance and the dossiers of information collected thereby are of a very different nature, more similar to the surveillance experienced by Joseph K. in Kafka's *The Trial* (Franz Kafka, *The Trial* (New York: Knopf, 1957)). For further reflections on these differences, see Daniel J. Solove, "Privacy and Power: Computer Databases and Metaphors for Information Privacy" (2001) 53 Stan. L. Rev. 1393.

118 The feminist literature cited above note 116 demonstrates well that the law of contract, and its doctrine of "consent," both of which are premised on liberal individualism, are not the appropriate constructs for solving some of these social issues.

We would oppose legislation or legislative amendments that conferred unjustified privacy-invasive surveillance powers upon digital copyright holders. However, we have not as yet been consulted by either Heritage Canada or Industry Canada officials regarding the proposed legislation¹¹⁹

Although some consultation has occurred since the Privacy Commissioner wrote these words, the failure of Canadian Heritage and Industry Canada to engage in earlier dialogue, let alone a collaborative effort with the Privacy Commissioner, is especially interesting in light of the fact that *PIPEDA*, the legislation for which she has oversight, appears to be *lex specialis* to the *Copyright Act*. Pursuant to section 4(3), the privacy requirements of *PIPEDA* apply despite any provision in any other *Act*, unless the other *Act* expressly declares that its provision operates notwithstanding.¹²⁰ When one considers that Bill C-60 is silent on this issue, it would seem that the requirements of *PIPEDA* would prevail, further buttressing the claim that excessive DRM monitoring or collection would be contrary to public policy.

E. FREEDOM FROM CONTRACT

My thesis should by now be clear. If anti-circumvention laws are to “ensure that Canadians’ privacy rights are not reduced or undermined,”¹²¹ then the amendments to the *Copyright Act* must include a different kind of anti-circumvention provision. In addition to prohibiting the circumvention of TPMs for infringing purposes, there must be a balancing counter-measure that expressly prohibits the use of DRM to circumvent the protection of Canadian privacy law. “Appropriate balance,” in this sense, requires a legal lock aimed against organizations that would use TPMs, the proposed anti-circumvention law, and the law of contract as a means of hacking past *PIPEDA* or its provincial equivalents. In order to understand why this is so, it is necessary describe the chief tool in the DRM hack-back-pack: contractual consent.

119 See Letter, above note 103.

120 *PIPEDA*, above note 19, s. 4(3).

121 *This is an explicit promise made by the Government of Canada: Copyright Reform Process — Frequently Asked Questions*, <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp01143e.html>>.

When it comes to DRM and privacy, there are two kinds of consent.¹²² The first refers to the consent required to give rise to the DRM contractual licence. DRM consent is *merely* contractual consent. The second refers to the threshold of consent that may be required to satisfy FIPs. FIPs consent is, in most circumstances,¹²³ a much more robust form of statutory consent. It is crucial to note the distinction. They are not the same.¹²⁴ The reason for the need to draw a laser-bright line between them was articulated in the preceding section on DRM licenses. Not to put too fine a point on it, here is how three of the leading U.S. privacy scholars have put it:

Daniel Solove:

The law currently does not provide meaningful ability to refuse to consent to relinquish information.

...

Giving people property rights or default contract rules is not sufficient to remedy the problem because it does not address the underlying power inequalities that govern information transactions. Unless these are addressed, any privacy protections will merely be “contracted” around, in ways not meaningful either to the problem or to the contract notions supposedly justifying such a solution. People will be given consent forms with vague fine-print discussions of the contractual default privacy rules that they are waiving, and they will sign them without thought.¹²⁵

Paul Schwartz:

To give an example of an autonomy trap in cyberspace, the act of clicking through a “consent” screen on a Web site may be considered by some observers to be an exercise of self-reliant choice. Yet, this screen can contain boilerplate language that permits all further processing and transmission of one’s personal data. Even without a consent screen, some Web sites place consent boilerplate within a “privacy statement”

122 I am not referring to true consent, implied consent, or informed consent, though all of those concepts are applicable.

123 As discussed below, FIPs require knowledge and consent in many collections, uses, and disclosures of personal information and, in the case of sensitive information, a standard closer to informed consent. Often there are exceptions for situations where it is not possible or appropriate to obtain consent.

124 Though in certain circumstances one might satisfy the other.

125 Daniel J. Solove, *The Digital Person: Technology and Privacy in the Information Age* (New York: NYU Press, 2004) at 82–85.

on their home page or elsewhere on their site. ... This language presents the conditions for data processing on a take-it-or-leave-it basis. It seeks to create the legal fiction that all who visit this Web site have expressed informed consent to its data processing practices.¹²⁶

Julie Cohen:

The single greatest obstacle to effective legal protection of privacy of intellectual consumption is not imperfect fit with the available legal theories, but the fact that the available theory gives way to contract in many, if not all circumstances.¹²⁷

As each of these three outstanding scholars states in his or her own way, the legal threshold for contractual consent is not a well-suited device for protecting privacy interests. If such protections were within the exclusive domain of contract law — left up-for-grabs during the bargaining process — then there would be practically none. In too many instances, “freedom of contract” means “take-it-or-leave-it.”¹²⁸ So too, DRM licences, *if left to their own devices*, will offer all or nothing contracts: “either consumers agree to forgo privacy, or else they forgo access.”¹²⁹ In some instances, and privacy is certainly one of them, what people need is freedom *from* contract.¹³⁰

The idea that there is sometimes a need to protect people *from* the private device of contract and its low threshold for consent is not completely new. Consumer protection legislation provides an excellent example.¹³¹ Although the stated purpose of Canada’s federal privacy legislation¹³² involves balancing the needs of organizations to collect personal information against the privacy rights of individuals, many believe that the failure of the market to protect privacy through “self-regulation” is the entire basis for enacting *PIPEDA* and substantially similar provincial leg-

126 Paul M. Schwartz, “Privacy and Democracy in Cyberspace” (1999) 52 Vand. L. Rev. 1609, <<http://papers.ssrn.com/sol3/Delivery.cfm/000120306.pdf?abstractid=205449&mirid=1>> at 1661.

127 Cohen, “DRM and Privacy,” above note 17 at 605.

128 Kessler, “Contracts of Adhesion,” above note 90 at 632.

129 I borrow this way of characterizing things from Ann Bartow.

130 This is in fact one of the reasons for consumer protection legislation and privacy legislation such as *PIPEDA*.

131 See for example, *Consumer Protection Act*, R.S.O. 2002, c. C. 30, Sch. A. <www.canlii.org/on/laws/sta/c-31/20050511/whole.html>; *Consumer Protection Act*, R.S.B.C. 1996, c. 69, <www.qp.gov.bc.ca/statreg/stat/C/96069_01.htm>; Andrew Morrison, “When Voluntary is not really Voluntary: Contractual Aspects of Voluntary Codes” (1997) 3 Appeal 34.

132 *PIPEDA*, above note 19, s. 3.

isolation.¹³³ Using *PIPEDA* as the model, there are at least three elements built into the legislation as counter-measures to the low threshold of contractual consent and the one-sided nature of standard form agreements: (i) a appropriate purpose requirement; (ii) a higher statutory threshold for consent; (iii) a “refusal to deal” clause.

1) Appropriate Purpose

Section 5(3) of *PIPEDA* uses the common law construct of the “reasonable person” as an essential limiting factor against what the private law might otherwise deem to be a consensual collection of personal information:

An organization may collect, use or disclose personal information only for purposes that a reasonable person would consider are appropriate in the circumstances.¹³⁴

According to this section, even if a person carefully considers and then expressly consents to the collection of personal information, her consent will not justify collection if its purpose for the collection is said to be unreasonable. This section places constraints on the law of contract and the role of consent. If the purposes for collection, use, or disclosure are deemed unreasonable, the fact that the information subject consented will not justify its collection, use, or disclosure.¹³⁵ This provision therefore offers protections not provided by the common law. When parties enter into a contract, so long as there is fairness during the bargaining process, the courts are loath to determine whether the bargain between the parties is reasonable.¹³⁶ Not so with the application of this section of the legisla-

133 That is, in the age of technology, self-regulation will not suffice. See Stephanie Perrin *et al.*, *The Personal Information Protection and Electronic Documents Act: An Annotated Guide* (Toronto: Irwin Law, 2001) at 5 [Perrin, *Personal Information Protection*]: “But by 1994, Bruce Phillips had reached the conclusion that self-regulation was not enough, and he started calling on the government to legislate broadly at the national level in his 1993-1994 report”

134 *PIPEDA*, above note 19, s. 5(3).

135 See, for example *Company asks for customer’s SIN as a matter of policy*, (5 November 2001), *PIPED Act Case Summary #22*, <www.privcom.gc.ca/cf-dc/2001/cf-dc_011105_02_e.asp> [*PIPED Act Case Summary #22*, “*Company asks for customer’s SIN*”]. See also *Reasonable and the Reasonable Person within the Scope of PIPEDA*, Nymity Inc., <www.nymity.com/faq/reasonable_and_the_reasonable_person.asp>.

136 *Miller v. Lavoie* (1966), 63 W.W.R. 359 at 365 (B.C.S.C.).

tion. Here the reasonableness of the purposes for collection, use, or disclosure is determinative.

2) Higher Statutory Threshold for Consent

In addition to the constraints placed on contractual consent set out in section 5(3), Principle 4.3 of Schedule 1 in *PIPEDA* generally provides for a higher threshold of consent than that usually required by the law of contract. Unlike the weaker party to a contract, who clicks through a standard commercial agreement, the data subject will not simply be deemed to consent. She or he must usually be said to consent *knowingly*:

The knowledge and consent of the individual are required for the collection, use, or disclosure of personal information, except where inappropriate.¹³⁷

A further provision has been put in place to ensure that the consent has been obtained in a meaningful way, generally requiring that organizations communicate the purposes for collection, so that the person will reasonably know and understand how the information will be collected, used, or disclosed.¹³⁸

Yet another means of ensuring a high threshold for consent is achieved by virtue of the fact that *PIPEDA* contemplates different forms of consent, depending on the nature of the information and its sensitivity.¹³⁹ Information said to be “sensitive” will generally require more detailed and in some instances express consent.¹⁴⁰ The rationale for this is that “in obtaining consent, the reasonable expectations of the individual are also rel-

¹³⁷ *PIPEDA*, above note 19, Sch. 1, cl. 4.3.

¹³⁸ *Ibid.* Sch. 1, cl. 4.3.2. See, for example *Bank adopts sweeping changes to its information collection practices*, (30 September 2002) *PIPED Act Case Summary* #97, <www.privcom.gc.ca/cf-dc/2002/cf-dc_020930_e.asp>. It is crucial to note that a substantial number of limits on the high threshold of consent have been placed in s. 7 of the Act. For example, s. 7(1)(b) states an organization may collect personal information without the knowledge or consent of the individual if “... the collection is reasonable for purposes related to investigating a breach of an agreement or a contravention of the laws of Canada or a province.” This provision was cited in the *Eastmond v. Canadian Pacific Railway*, [2004] F.C.J. No. 1043, regarding Principle 4.3, where video surveillance was said to be appropriate by J. Lemieux. A factor in the decision was that the camera was minimally invasive, and was only looked at if there was a triggering incident. After 96 hours the video was deleted (para. 188).

¹³⁹ *PIPEDA*, above note 19, Sch. 1, cl. 4.3.4.

¹⁴⁰ *Ibid.*

evant.”¹⁴¹ Note that this is a different “reasonableness” requirement than the one discussed in the preceding section. There, the reasonableness had to do with an organization’s purposes for collection, use, or disclosure. Here, reasonableness has to do with the information subject’s actions and whether consent can truly be inferred from them.¹⁴²

One further difference between contractual consent and the consent requirement in *PIPEDA* is that only in the latter can consent be withdrawn with impunity.¹⁴³ This signals that, in the privacy context, consent is an ongoing obligation. To some extent, it empowers the weaker party in the transaction to change her or his mind. It is not all-or-nothing. It is not take-it-or-leave it. The law of contracts, on the other hand, is promissory in nature¹⁴⁴ and is premised on the notion of detrimental reliance.¹⁴⁵ Withdrawing consent once a contract has been formed usually amounts to a breach of contract or an anticipatory repudiation.

Even this brief snapshot should illustrate that the concept and application of consent in Canadian privacy law is nuanced and difficult.¹⁴⁶ Among other things, the consent requirement will vary based on the purpose of the collection, use, or disclosure of the information, its sensitivity, the reasonable expectation of the parties, and the reasonableness of the information subject’s actions in and around the collection process. Generally, the threshold is significantly higher in the privacy context than in contract law.

The lower threshold of contractual consent is too blunt a tool for privacy law. It therefore ought not to be used to undermine FIPs, nor to data-mine or conduct surveillance against those who use DRM-delivered intellectual content. As the following subsection indicates, this point was not overlooked by those who enacted Canada’s privacy legislation.

¹⁴¹ *Ibid.*, Sch. 1, cl. 4.3.5.

¹⁴² According to the Privacy Commissioner, “[i]mplied consent arises where consent may reasonably be inferred from the actions or inactions of the individual.” *Telecommunications company does not improperly collect or use employee statistics* (14 April 2003) *PIPED Act Case Summary* #153, <www.privcom.gc.ca/cf-dc/2003/cf-dc_030414_3_e.asp>.

¹⁴³ *PIPEDA*, above note 19, Sch. 1, cl. 4.3.8. Note that the ability to withdraw consent is, however, subject to legal or contractual restrictions and reasonable notice.

¹⁴⁴ Fridman, *The Law of Contract*, above note 108 at 1 & 3.

¹⁴⁵ Waddams, *The Law of Contracts*, above note 101 at 193.

¹⁴⁶ See for example, *Air Canada allows 1% of Aeroplan membership to “opt out” of information sharing practices*, (11 March 2002), *PIPED Act Case Summary* #42, <www.privcom.gc.ca/cf-dc/cf-dc_020320_e.asp>.

3) “Refusal to Deal” Clause¹⁴⁷

A third *PIPEDA* provision that highlights the need to distinguish between DRM’s contractual consent and the higher threshold in FIPs consent is Principle 4.3.3, which states that:

An organization shall not, as a condition of the supply of a product or service, require an individual to consent to the collection, use, or disclosure of information beyond that required to fulfill the explicitly specified, and legitimate purposes.¹⁴⁸

This provision is a clear and obvious limitation on the take-it-or-leave-it approach of DRM’s contractual consent, and has been affirmed in several decisions. In one instance,¹⁴⁹ a telecommunications company tried to force a customer to provide her social insurance number (SIN) as a prerequisite to Internet access. Though willing to allow organizations to request SIN for identification purposes if they clearly indicate that doing so is optional, the Privacy Commissioner ruled against the company’s “No SIN, no connection” policy.¹⁵⁰ As some experts have described, “The message is clear: if you are planning to deny a service to someone for failure to provide information, the information must be necessary to fulfill a legitimate and specific purpose, not an overly broad or inflated one.”¹⁵¹

Taken together, the reasonable purpose requirement, *PIPEDA*’s higher consent threshold, and the “refusal to deal” clause are all meant to provide protections to individuals which “self-regulation” through the device of contract would not achieve. Should DRM licences be permitted to circumvent these protections? Should consumers, who often have no idea what is at stake, be allowed to “contract-away” these protections unknowingly? And should anti-circumvention laws be drafted — as is currently contemplated in Canada — in a manner that permits and protects privacy-invasive TPMs and DRMs, which could operate in breach of *PIPEDA* or other operative statutes? Perhaps the dictum of the Supreme Court of Canada bears repeating: “[i]t would be a curious state of the law if, after the Legislature had prohibited a transaction, parties could enter into it, and, in defiance of the law,

¹⁴⁷ This clause was dubbed the “refusal to deal clause” by the CSA Committee and was the subject of much debate: Perrin *et al.*, above note 133 at 25.

¹⁴⁸ *PIPEDA*, above note 19, Sch. 1, cl. 4.3.3.

¹⁴⁹ *PIPED Act Case Summary #22*, “Company asks for customer’s SIN,” above note 135.

¹⁵⁰ See Barbara McIsaac, Rick Shields, & Kris Klein, *The Law of Privacy in Canada*, (Toronto: Carswell, 2004) at 4–40.

¹⁵¹ Perrin *et al.*, above note 133 at 27.

compel the courts to enforce and give effect to their illegal transaction.”¹⁵² Privacy law is meant, in some instances, to provide *freedom from contract*.

F. THE SOUNDS OF SILENCE

Having examined in some detail the prospect of DRM and its potential impact on privacy, it is alarming to see that Canada’s proposals for copyright reform are completely silent on the issue. According to Bill C-60, the proposed anti-circumvention law will protect technological measures and enable DRMs in the following manner:

34.01(1) The owner of copyright in a work ... is ... entitled to all remedies by way of injunction, damages ... for the infringement of a right against a person who, without the consent of the copyright owner, knowingly removes or alters any rights management information in electronic form that is attached to or embodied in any material form of the work ... and knows, or ought to know, that the removal or alteration will facilitate or conceal any infringement of the owner’s copyright.¹⁵³

34.02(1) An owner of copyright in a work ... and a holder of moral rights in respect of a work ... are ... entitled to all remedies by way of injunction ... for the infringement of a right against a person who, without the consent of the copyright owner or moral rights holder, circumvents, removes or in any way renders ineffective a technological measure protecting any material form of the work ... for the purpose of an act that is an infringement of the copyright in it or the moral rights in respect of it or for the purpose of making a copy referred to in subsection 80(1).¹⁵⁴

Not a single word, let alone appropriate counter-measures, has been contemplated in connection with the implications of DRM for privacy. *Not one word.*

All that is proposed is a set of one-sided deeming provisions that expand the ambit of copyrights by treating acts of circumvention as though they are acts of infringement. The effect of these paracopyright provisions will be to further expand the law of copyright so that it includes certain

¹⁵² Ritchie C.J, above note 106.

¹⁵³ *Copyright Amendment*, above note 5, s. 34.01.

¹⁵⁴ *Ibid.*, s. 34.02.

acts that have nothing to do with copying.¹⁵⁵ The activities that might soon be said to constitute an infringement include “circumvent[ing], remov[ing] or in any way render[ing] ineffective a technological measure protecting any material form of the work”¹⁵⁶ and “knowingly remov[ing] or alter[ing] any rights management information in electronic form that is attached to or embodied in any material form of the work.”¹⁵⁷

By treating the circumvention of a TPM or the alteration of RMI (under certain circumstances) *as though* they are copyright infringements, these provisions place new restrictions on people’s ability to examine, investigate, or interact with the technologies destined to become a global distribution channel for delivering digital content. Some academics are concerned that such restrictions could interfere with the security community’s “freedom-to-tinker,” which will have a chilling effect on important research in cryptography and other areas.¹⁵⁸

Of course, there are other legitimate reasons to tinker. Unless these are articulated and distinguished from illegitimate circumventions in the proposed anti-circumvention provisions, it may be practically impossible to distinguish “legitimate” from “infringing purposes.” A relevant example for present purposes is circumvention or alteration for personal information protection purposes. Data protection legislation is premised on the idea that individuals should be able to gain access to personal information collected about them,¹⁵⁹ as well as the need for “openness” in organizations about the policies and practices relating to their management of others’ personal information.¹⁶⁰ In the case of DRM, often that information is not generated or stored at some organization’s facilities but by software that is in fact housed on the data subject’s own computer.

So, I might want to tinker with a DRM — to decrypt or otherwise unlock its hidden code; to hack it — not because I wish to interfere with its

155 When those acts can be tied to an “infringing purpose.” Tying circumvention to infringing purposes is certainly an improvement over *DMCA*-style legislation, which captures circumventions that have nothing to do with infringement whatsoever: *DMCA*, above note 2. For a further analysis of this approach, see chapter 4.

156 *Copyright Amendment*, above note 5, s. 34.02.

157 *Ibid.*, s. 34.01.

158 See for example, Edward W. Felten, “Freedom to Tinker,” <www.freedom-to-tinker.com>; Scott A. Craver et al., “Reading Between the Lines: Lessons from the SDMI Challenge” (2001) Proc. Of 10th USENIX Security Symposium, <www.usenix.org/events/seco1/craver.pdf>.

159 See *PIPEDA*, above note 19, Sch. 1, cl. 4.9.

160 *Ibid.*

copyright enforcement function but because I am interested in knowing whether excessive collection or monitoring is taking place. Perhaps I even suspect it, in which case my purpose in circumventing is to achieve transparency. I am trying to see what kind of personal information a particular technology is scraping away from me or my computer every time I interact with it.¹⁶¹ Just as organizations might not, in some circumstances, be in a position to obtain consent in advance when collecting personal information (say, for security purposes), so too might it be necessary for individuals to circumvent or remove personal information without permission in order to secure their personal information against illegitimate collection, use, and disclosure.

Are people permitted to unlock the devices wrapped around the products that they have legally purchased in order to investigate what is happening with their personal information? Under what circumstances? With what limitations? What if doing so undermines or defeats an access control mechanism? What remedies are available if the DRM is being used in a manner contrary to privacy law? This list of questions goes on and on. And, yet, none of them is addressed in the current proposals for copyright reform. If balanced legislation is the goal, then silence simply will not do. The proposed anti-circumvention provision must specifically stipulate the elements of an illegal circumvention in a manner that expressly distinguishes “infringing activities” from other activities such as security research or activities undertaken simply to obtain access to personal information that is being collected by a DRM, or to otherwise exercise control over personal information consistent with the rights guaranteed by FIPs and by privacy law.¹⁶²

Ironically, in spite of its renown as the world’s most unbalanced, one-sided, DRM-maximalist legislation in force, even the *DMCA* purports to address some of the above concerns. The *DMCA* expressly permits the disablement of monitoring mechanisms tied to access controls so long as the following cumulative conditions are met:

- 1) the access controls, in the normal course of operation, collect or disseminate “personally identifiable information” about the online activities of a person who seeks access to the protected work;
- 2) conspicuous notice about this work is not given;

161 Or, rather, every time the automated processes embedded in the software are programmed to interact with the software on my machine.

162 There are still other potential legitimate purposes for circumvention: see chapters 4, 5, and 7.

- 3) the data subject is not provided with the capability to prevent the information from being gathered or disseminated;
- 4) circumvention of the controls has the sole effect, and is solely for the purpose, of preventing the collection or dissemination; and
- 5) circumvention does not breach another law.¹⁶³

The above provisions are narrow and, given the number of conditions that must be satisfied before the exception applies, the privacy protection that they afford is more apparent than real. Still, there is value in having an explicit provision permitting anti-circumvention for the purposes of protecting personal information. Canada's proposed anti-circumvention laws offer nothing. One might anticipate arguments that Bill C-60 needs no such provision because a circumvention for personal information protection purposes would not be illegal, since the Bill only applies to circumvention for an "infringing purpose." I do not find this argument to be compelling. Clarity and precision are crucial. Statutory silence on this issue will only provide fuel for unnecessary litigation campaigns by the copyright industries and other powerful stakeholders.

In the section that follows, I will try to "break the silence" by modestly articulating a summary account of three recommendations that would provide the kinds of counter-measures necessary to offset the new powers and protections afforded to TPM and DRM if Canada's anti-circumvention laws are implemented as proposed.

G. SUMMARY OF RECOMMENDATIONS

1) An Express Provision Prohibiting the Circumvention of Privacy by TPM/DRM, Notwithstanding Licence Provisions to the Contrary

An appropriate counter-measure could be achieved by transposing the proposed anti-circumvention law into the privacy context. This would generate a kind of "anti-circumvention" provision which prohibits the use of TPM/

¹⁶³ Above note 2. The above summary belongs to Lee Bygrave: Bygrave, above note 28 at 440. Bygrave also considers (in the European context) whether and when an end-user can take steps to prevent the operations of TPMs, and whether the concept of a technical measure extends to "devices that monitor usage." He concludes that monitoring devices which are incidentally concerned with [the prevention/restriction of unauthorized copying] fail to qualify as technical measures and therefore are not subject to anti-circumvention laws.

DRM to collect, use, or disclose personal information (or otherwise monitor identifiable individuals) in contravention of existing privacy law. In order for this counter-measure to be effective, it is crucial for the law to expressly provide that privacy-waivers or other similar contractual provisions built into the standard forms of DRM licenses shall not be enforceable where the collection, use, or disclosure by the DRM would otherwise contravene Canadian privacy law or other pressing public policy considerations.¹⁶⁴ Likewise, the counter-measure will only be effective if appropriate penalties or remedies for the circumvention of privacy laws are provided.¹⁶⁵

164 The express provision recommended here is in part necessary because Canadian courts so often express deference to the legislature when rendering decisions about the scope of the court's power to deem a contract illegal or void public policy: *Richardson v. Mellish*, [1824] 130 E.R. 294 at 303; *Janson vs. Driefontein Consolidated Gold Mines, Ltd.*, [1902] A.C. 484 at para. 4; *Prarie Roadbuilders Ltd. v. Stettler* (County No. 23), [1983] A.J. No. 774 at para. 39; *L.E. Shaw Ltd. v. Berube-Madawaska Contractors Ltd.*, [1982] 138 D.L.R. (3d) 364; Richard H.W. Maloy, "Public Policy: Who Should Make It in America's Oligarchy?" (1998) Det. C.L. Rev. 1143. An express provision of this sort is justified by virtue of Parliament's express desire to preclude organizations from tying the consent to purchase a product or services to a secondary consent to collect, use, or disclose personal information, set out in *PIPEDA*, above note 19, Principle 4.3.3. When DRM uses the device of contract to achieve this end, it contravenes *PIPEDA* and thereby provides ample justification for deeming any privacy waivers or other similar contractual provisions to be unenforceable or, to use the language of the common law, "void or public policy."

165 As discussed above at note 48, the Privacy Commissioner cannot order damage awards [See, Canada, Privacy Commissioner of Canada, *Annual Report to Parliament 2003-2004* (November 2004), <www.privcom.gc.ca/information/ar/200304/200304_e.asp>, at 58; Canada, Privacy Commissioner of Canada, *Annual Report to Parliament 2002-2003* (September 2003), <www.privcom.gc.ca/information/ar/02_04_11_e.asp>, at 57; Canada, Privacy Commissioner of Canada, *Annual Report to Parliament 2001-2002* (January 2003), <www.privcom.gc.ca/information/ar/02_04_10_e.asp>, at 59. As noted on the Privacy Commissioner's site, summaries are not posted for all findings, <www.privcom.gc.ca/cf-dc/index_e.asp>]. Of the 542 cases that the Privacy Commissioner has investigated, only six cases have been commented on by the Federal Court [*Blood Tribe Department of Health v. Privacy Commissioner of Canada*, 2005 FC 328; *Diane L'Écuyer v. Aéroports de Montréal and Privacy Commissioner of Canada*, 2004 FCA 237; *Erwin Eastmond v. Canadian Pacific Railway and Privacy Commissioner of Canada*, 2004 FC 852; *Janice Morgan v. Alta Flights (Charters) Inc.*, 2005 FC 421; *Mathew Englander v. Telus Communications Inc. and Privacy Commissioner of Canada*, 2004 FCA 387; *Ronald G. Maheu v. IMS Health Canada et al.*, 2003 FCA 462]. Not a single one of these cases has attracted a damage award. Two of the complainants were able to recoup their costs: Mathew Englander and Ronald G. Maheu. Three cases saw the

2) An Express Provision Stipulating that a DRM Licence is Voidable when it Violates Privacy Law

In addition to the first recommendation, which ensures that DRM cannot be used to undermine statutory privacy protections without appropriate penalties/remedies, a broader contractual remedy is needed for individuals whose privacy has been breached. Individuals should not be forced to continue the contractual relationship in such circumstances. They should have the option to avoid such contracts, treating any obligations set out in the licence as at an end.

3) An Express Provision Permitting the Circumvention of TPM/DRM for Personal Information Protection Purposes

A third counter-measure needed to achieve an appropriate balance is a provision that helps to draw a laser-bright line between “infringing” and other purposes for circumventing a TPM/DRM. In particular, the provision must expressly permit the circumvention of technological measures where necessary for personal information protection purposes, stating its scope and limits. This would certainly include circumstances in which the DRM is operating in breach of privacy laws, but should also include circumstances where an individual needs to circumvent a technological protection measure in order to confirm the possibility of such a breach. While some might not perceive “mere suspicion” to be a sufficient reason to circumvent a DRM, privacy law currently affords similar powers to DRM to collect, use, or disclose personal information without knowledge and consent in order to ensure an organization’s security and for other related purposes.¹⁶⁶ To achieve balanced legislation, it is suggested that the scope of permission afforded to individuals to circumvent TPM/DRM should generally be proportional to the scope of permission afforded to

court awarding no costs to either party. In one case, the complainant had to bear his as well as his opponent’s legal costs: Erwin Eastmond.

¹⁶⁶ See especially, *PIPEDA*, above note 19, s. 7(1)(b). At the same time, limits must surely be placed on a large and liberal interpretation of the section 7 exceptions since they might otherwise be used to justify ubiquitous 24/7 surreptitious surveillance on the grounds that any user might potentially violate any contractual agreement at any time. At the end of the day, these exemptions, like collection, use, and disclosure itself, must be limited by the “reasonableness” standard.

organizations to circumvent the knowledge and consent requirements of privacy law under analogous circumstances.¹⁶⁷

H. CONCLUSION

Canada's copyright reform process has been slow and deliberate. It has been consultative and inclusive. It canvasses a broad array of issues for reform. In its decision to tie the act of circumvention to "infringing purposes," the Government of Canada has demonstrated some willingness to approach the "appropriate balance" it purportedly strives towards.

Not so when it comes to privacy. Despite the obvious privacy threats that automation, cryptographic techniques, and other DRM technologies impose, the proposed anti-circumvention laws protect these technologies without protecting people from excessive or illegitimate uses of them.

Counter-measures are needed. If our laws are to prohibit people from circumventing the technologies that protect copyright, then they ought also to prohibit those same technologies from circumventing the laws that protect privacy. If the Government wishes to extend its copyright laws to regulate copyright enforcement technologies, then it must include rules that place restrictions upon the private powers that those technologies are now able to exert. If digital and network technologies increase the prospect of digital piracy, then our proposed solutions ought not to diminish the prospect of digital privacy. The legitimate goal of online anti-piracy protection must not succumb to the excessive and dangerous business of online anti-privacy protection.¹⁶⁸

¹⁶⁷ See s. 7, *ibid.*

¹⁶⁸ One begins to believe in Freud when one re-reads the headnote and para. 17 of the official Federal Court decision in *BMG Canada Inc. v. John Doe*, [2004] 3 F.C.R. 241, 2004 FC 488, <<http://reports.fja.gc.ca/fc/2004/pub/v3/2004fc34396.htm>>, which (in)advertently characterizes MediaSentry (a business "enabling the successful growth of online distribution for companies in the entertainment and software industries" <www.mediasentry.com/corp/overview/index.html>) as an "online anti-privacy protection business." I owe the enjoyment of reporting this delicious irony to my brilliant, witty colleague, Jane Bailey, who first spotted this and shared it with me.

Anti-circumvention Legislation and Competition Policy:

Defining a Canadian Way?

Michael Geist*

The Bureau may use its mandate to promote competition and the efficient allocation of resources to intervene in policy discussions and debates regarding the appropriate scope, definition, breadth and length of IP rights.¹

— Intellectual Property Enforcement Guidelines,
Canadian Competition Bureau, 2000

I believe that the Internet is a transformative technology. While we may have overestimated its impact over the short term, I think that we may also be underestimating its long-term impact If we think about what the Internet has enabled so far, just think what could happen to e-business in the future.²

— Sheridan Scott, Commissioner of Competition, May 2004

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1 Canada, Competition Bureau, *Intellectual Property Enforcement Guidelines* (Ottawa: Industry Canada, 2000), <<http://cb-bc.gc.ca/epic/internet/incb-bc.nsf/en/cto1992e.html>> at s. 6 [IPEG].

2 Sheridan Scott, "Competition Law Compliance" (Speech to the Insight Conference, May 2004), <<http://strategis.ic.gc.ca/epic/internet/incb-bc.nsf/en/cto2858e.html>>.

A. INTRODUCTION

In the early 1990s, Digital Equipment of Canada (DEC), one of the world's leading computer manufacturers,³ established an "integrated service policy" which tied the servicing of its equipment to the purchase of operating system updates.⁴ The Director of the Canadian Competition Bureau launched an action against DEC, arguing that its policy violated the *Competition Act's* tied selling provisions.⁵ The Director was particularly concerned that the policy would impede the entry of third party providers who might service DEC equipment, which would result in reduced competition and the inability for end-users of DEC equipment to access lower prices and enhanced services from the third party providers. In October 1992, the Director and DEC settled the matter as the company agreed to discontinue the policy.⁶

Storage Technology, better known as StorageTek, is a US-based company specializing in data storage and tape backup systems.⁷ In July 2004, the company obtained an injunction from a federal court in Massachusetts that prohibited Custom Hardware Engineering and Consulting, a maintenance consulting company, from servicing StorageTek's products. Unlike the DEC case, where the computer maker sought to tie the sale of products and services, StorageTek did not need system upgrades or other enticements to keep third party providers at bay. Instead, it was able to rely on computer code and copyright law to effectively eliminate any third party competitors from servicing its products.

The DEC and StorageTek cases provide vivid illustrations of the shift over the past decade in the approach to intellectual property protection and its impact on marketplace competition. Intellectual property protections have always generated debate about their marketplace impact.⁸ Patents and copyrights represent a state-sanctioned, limited monopoly on a

3 Richard Morochove, "IBM staff cuts highlight deeper problems" *The Toronto Star* (1 December 1991) H1.

4 George N. Addy, "Competition Policy and Intellectual Property Rights: Complementary Framework Policies for a Dynamic Market Economy" (Speech to the XXXVIth World Congress of the AIPPI, June 1995), <<http://cb-bc.gc.ca/epic/internet/incb-bc.nsf/en/cto1407e.html>>.

5 *Competition Act*, R.S.C. 1985, c. C-34, s. 77.

6 Above note 4.

7 Declan McCullagh "StorageTek Wins Copyright Injunction" *CNET News.com* (July 12, 2004), <http://ecoustics-cnet.com.com/StorageTek+wins+copyright+injunction/2100-1015_3-5266031.html>.

8 Above note 4.

particular work or invention, forcing policy makers and scholars to consider the optimum balance between protection and access. While competition policy in the 1980s and the early 1990s embraced intellectual property as pro-competitive, during the past ten years, the shift toward digital content, the ability to use technological protection measures to limit access and the use of that content, as well as the creation of legal protections for such technology (rather than the underlying content), requires a different framework for analysis.

The legal catalyst for these changes was the completion in 1996 of the World Intellectual Property Organization's *Copyright Treaty (WCT)*⁹ and *Performances and Phonograms Treaty (WPPT)*,¹⁰ collectively referred to the WIPO Internet Treaties.¹¹ The twin treaties have had a transformative impact on the scope of copyright law, creating what some experts have referred to as "super-copyright"¹² or "para-copyright."¹³ Both treaties feature a broad range of provisions targeting digital copyright issues; however, the most controversial provisions mandate the establishment within ratifying states' national law of anti-circumvention provisions that provide "adequate legal protection and effective legal measures" against the cir-

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- 9 *WIPO Copyright Treaty*, 20 December 1996 36 I.L.M. 65, adopted by the Diplomatic Conference on 20 December 1996, <www.wipo.int/clea/docs_new/en/wo/wo033en.html> [WCT].
 - 10 *WIPO Performances and Phonograms Treaty*, 20 December 1996 36 I.L.M. 76, adopted by the Diplomatic Conference on 20 December 1996, <www.wipo.int/clea/docs/en/wo/wo033en.htm> [WPPT].
 - 11 The two WIPO Internet Treaties were formally adopted on December 20, 1996, though they only took effect in 2002 after each one reached the thirty-country ratification mark. As of January 2005, the WCT had fifty-one country ratifications, while the WPPT had forty-nine country ratifications. The United States and Japan are the two most notable countries on the ratification list. The European Union has yet to ratify, though some member states have incorporated the necessary provisions into their national copyright law. The remainder of the list is comprised of countries such as Indonesia and the Ukraine, often cited as leading sources of pirated music and software, as well as smaller developing countries from Africa, Latin America, and Asia, including Burkina Faso, Gabon, Saint Lucia, and Togo.
 - 12 Industry Canada, *Memorandum Concerning the Implementation in Canada of Articles 11 and 18 of the WIPO Treaties Regarding the Unauthorized Circumvention of Technological Measures Used in Connection with the Exercise of a Copyright Right* by Mark S. Hayes (Ottawa: Ogilvy Renault, 2000), <[http://strategis.ic.gc.ca/epic/internet/inipdp-dppi.nsf/vwapj/ogilvyrenault_e.pdf/\\$FILE/ogilvyrenault_e.pdf](http://strategis.ic.gc.ca/epic/internet/inipdp-dppi.nsf/vwapj/ogilvyrenault_e.pdf/$FILE/ogilvyrenault_e.pdf)> [Hayes].
 - 13 Dan L. Burk, "Anticircumvention Misuse" (2002-2003) 50 UCLA L. Rev. 1095 at 1096.

cumvention of effective technological protection measures (TPMs).¹⁴ While that obligation may sound complex (and, as discussed below, it has been subject to a wide variety of interpretations), at its core it simply requires countries that ratify the WIPO Internet Treaties to establish legislation that protects against the circumvention of the digital locks (known as TPMs and frequently manifested as Digital Rights Management or DRM) used by content owners to restrict access or use of digital content.

This essay examines the competitive impact of anti-circumvention legislation in light of the introduction on 20 June 2005 of Bill C-60, which if enacted, would incorporate anti-circumvention provisions into Canadian law.¹⁵ Should that happen, the Canadian Competition Bureau, which has previously indicated that it will consider intervening in the policy discussions surrounding intellectual property rights, will have an important role to play since the experience in other jurisdictions, most notably the United States, suggests that implementing legislation can have a damaging impact on innovation and marketplace competition.

Part one of this essay provides the necessary background for assessing TPM legislation and its competitive impact by examining the tensions between intellectual property and competition law. This part focuses on two provisions in the *Competition Act*, the Competition Bureau's Intellectual Property Enforcement Guidelines, and a handful of cases that have featured a noteworthy intellectual property component.

Part two of the essay surveys some of the alternative anti-circumvention provision implementations found in countries around the world. It notes that there is a fairly diverse array of implementing provisions, demonstrating that the US model found in the *Digital Millennium Copyright Act*, is but one approach open to Canada. In addition to discussing different statutory provisions, this part draws on some of the recent experience associated with TPMs and anti-circumvention legislation.

Part three examines the likely marketplace and competitive impact of Bill C-60's anti-circumvention provisions. The essay analyzes the core provisions, noting the link between circumvention and copyright infringement as well as the uncertainty surrounding a provision that targets circumvention service providers. It argues that the Canadian approach has several positive elements including the recognition of the flexibility

14 Above note 9, at Arts. 11, 12; above note 10, at Arts. 18, 19.

15 Bill C-60, *An Act to amend the Copyright Act*, 1st Sess., 38th Parl., 2005, Preamble, <www.parl.gc.ca/PDF/38/1/parlbus/chambus/house/bills/government/C-60_1.PDF> [Copyright Amendment].

inherent in the WIPO Internet treaties, the linkage between copyright infringement and the anti-circumvention provisions, as well as the decision to focus on the act of circumvention, rather than on devices that can be used to circumvent.

The essay also outlines several recommendations for how the bill could be improved. First, it recommends parallel amendments to the *Competition Act* to ensure that the Competition Bureau is not restricted in its ability to bring actions against abusive behaviour stemming the application of the anti-circumvention provisions. Second, it calls for the creation of a positive, user right to circumvent for lawful purposes, arguing that such an approach is consistent with recent Supreme Court of Canada jurisprudence. Third, it calls for clarification of Bill C-60's anti-circumvention service provider provision, which has generated concern and uncertainty among software developers and researchers.

B. CANADIAN COPYRIGHT LAW AND COMPETITION POLICY

Intellectual property issues have commanded increasing attention from scholars and the Competition Bureau in recent years.¹⁶ Howard Wetston, then the Competition Bureau's Director of Investigations, speaking of the pre-WIPO *Internet Treaty* copyright law, commented in 1990 that the Competition Bureau once viewed intellectual property as a "form of necessary evil that could easily impose excessive costs on consumers."¹⁷ That view had changed by the 1990s, with intellectual property viewed as pro-competitive, fostering innovation and creativity.

The *Competition Act* includes two key provisions specific to intellectual property, including copyright. First, section 32(1) provides that:

In any case where use has been made of the exclusive rights and privileges conferred by one or more patents for invention, by one or

16 See Herbert Hovenkamp, Mark D. Janis, & Mark A. Lemley, *IP and Antitrust: An Analysis of Antitrust Principles Applied to Intellectual Property Law* (New York: Aspen Publishers, 2004); W.T. Stanbury, *On the Relationship Between Competition Policy and the Copyright Act in Canada*, (2001) [unpublished].

17 Howard I. Wetston, "Competition Policy and Intellectual Property Rights: Complementary Framework Policies for a Market Economy" (Speech to the Conference on Global Rivalry and Intellectual Property: Developing Canadian Strategies, April 1990), <<http://strategis.ic.gc.ca/epic/internet/incb-bc.nsf/en/cto1467e.html>>.

more trade-marks, by a copyright or by a registered integrated circuit topography, so as to

- (a) limit unduly the facilities for transporting, producing, manufacturing, supplying, storing or dealing in any article or commodity that may be a subject of trade or commerce,
- (b) restrain or injure, unduly, trade or commerce in relation to any such article or commodity,
- (c) prevent, limit or lessen, unduly, the manufacture or production of any such article or commodity or unreasonably enhance the price thereof, or
- (d) prevent or lessen, unduly, competition in the production, manufacture, purchase, barter, sale, transportation or supply of any such article or commodity,

the Federal Court may make one or more of the orders referred to in subsection (2) in the circumstances described in that subsection.¹⁸

Section 32(2) grants the Federal Court a wide range of remedies including the right to declare a license void or order that licenses be granted to such persons and on such terms as the court believes is appropriate.¹⁹ It is noteworthy that these powers are subject to section 32(3), which provides that “no order shall be made under this section that is at variance with any treaty, convention, arrangement or engagement with any other country respecting patents, trade-marks, copyrights or integrated circuit topographies to which Canada is a party.”²⁰

The Competition Bureau’s Intellectual Property Enforcement Guidelines, finalized in 2000, provide further guidance on the Bureau’s interpretation of these provisions.²¹ The *IPEGs* note that “the Bureau will seek a remedy for the unilateral exercise of the IP right to exclude under section 32 only if the circumstances specified in that section are met and the alleged competitive harm stems directly from the refusal and nothing else.”²² Moreover, it advises that “[e]nforcement under section 32 requires proof of undue restraint of trade or lessened competition” that “[t]he Bu-

18 Above note 5 at s. 32(1).

19 *Ibid.*, at s. 32(2).

20 *Ibid.*, at s. 32(3).

21 See above note 1.

22 *Ibid.* at s. 4.2.2.

reau expects such enforcement action would be required only in certain narrowly defined circumstances.”²³

Section 32 therefore has limited application in a copyright context, since its requirements for use are very difficult to meet. In fact, the Bureau acknowledges as much in the *IPEGs*, concluding that only in very rare circumstances would all the factors needed for an action be met.²⁴

The second noteworthy section related to copyright is section 79(5). In addressing the right of the Bureau to act in cases of abuse of dominance, the subsection provides that:

For the purpose of this section, an act engaged in pursuant only to the exercise of any right or enjoyment of any interest derived under the *Copyright Act*, *Industrial Design Act*, *Integrated Circuit Topography Act*, *Patent Act*, *Trade-marks Act* or any other Act of Parliament pertaining to intellectual or industrial property is not an anti-competitive act.²⁵

As the *IPEGs* note, this section confirms the Bureau’s view that a mere exercise of an intellectual property right does not constitute a violation. Both former Directors of Investigations and Research Wetston and Addy have emphasized that they do not believe that section 79(5) provides a blanket exemption for abuse of intellectual property rights. Wetston argued that the exception “applies to acts that are engaged in ‘pursuant only to the exercise of’ rights or enjoyment of interests derived under intellectual property statutes ... [t]he wording of the exception clearly suggests that the abuse of dominance provisions remain applicable to practices that are shown to constitute abuses of intellectual property rights.”²⁶ Similarly, Addy concluded that “[t]his exception does *not* provide a blanket exemption for intellectual property holders from the application of the abuse provisions. The wording of the exception suggests that the provisions remain applicable to practices which are shown to constitute *abuses* of intellectual property rights (as opposed to the mere exercise of such rights).”²⁷

Notwithstanding these comments, the Competition Tribunal has been very reluctant to tamper with intellectual property agreements. In *Canada (Director of Investigation and Research) v. Tele-Direct (Publications) Inc.*, a 1997 trademark case, the Director argued that section 79(5) “does not pre-

²³ *Ibid.*

²⁴ *Ibid.*

²⁵ See above note 5, at s. 79(5).

²⁶ Above note 17.

²⁷ Above note 4.

clude a finding that ‘abuses’ of intellectual property are anti-competitive acts.” The tribunal agreed that there may be instances where a trademark can be abused, but it made clear that such instances are rare, concluding that:

While the evidence suggests that Tele-Direct is motivated, at least in part, by competition in its decision to refuse to license its trade-marks, the fact is that the Trade-marks Act allows trade-mark owners to decide to whom they will license their trade-marks. The respondents’ motivation for their decision to refuse to license a competitor becomes irrelevant as the Trade-marks Act does not prescribe any limit to the exercise of that right.²⁸

That same year, the Competition Tribunal affirmed that similar analysis was applicable to copyrights in *Canada (Director of Investigation and Research) v. Warner Music Canada Inc.*, a case involving Warner Music and its decision to refuse to license sound recordings to BMG, which maintained a competing music club.²⁹

Consistent with these decisions, the plain language of the *Competition Act*, as well as the interpretation found in the *IPEGs*, there is an evident reluctance to interfere with the exercise of intellectual property rights.³⁰ While that may be an appropriate approach for the exercise of traditional copyrights, there is a danger that the legislation may leave the Bureau statutorily unable (as opposed to unwilling) to intervene in certain circumstances. These may include instances where competition is unduly harmed by the exercise of intellectual property rights yet is saved by an international treaty to which Canada is a party or where abuse of a dominant position is supported by rights provided under the *Copyright Act*.

The Competition Bureau’s reluctance to intervene in intellectual property matters has coincided with a dramatic increase in the pace of Canadian copyright reform. In 1987, statutory reforms addressed the “grey market,” making it unlawful to import works created outside the coun-

28 *Canada (Director of Investigation and Research) v. Tele-Direct (Publications) Inc.* (1997), 73 C.P.R. (3d) 1 at para. 33.

29 *Canada (Director of Investigation and Research) v. Warner Music Canada Inc.* (1997), 78 C.P.R. (3d) 321.

30 A notable exception is found in the *Copyright Act*, which provides at s. 70.5 that the Director of the Competition Bureau has the right to access any agreement of a collective society filed with the Copyright Board of Canada. If the Director considers that the agreement is contrary to the public interest, the Director may ask the Copyright Board to examine the agreement.

try that would infringe copyright.³¹ The next year, the government completed “Phase One” of a new copyright reform process by adding explicit moral rights requirements, implementing specific offences for secondary infringement and rebroadcasting, adding industrial designs to the *Copyright Act*, and establishing the Copyright Board of Canada as the successor to the Copyright Appeal Board.³²

In 1993, the government reduced registration requirements for copyright protection, granted courts the right to direct the responsible minister to prevent importation of any work that would infringe copyright, and expanded the definitions for music works, performances, and cinematographic works. It also added rental rights for computer programs and sound recordings, thereby eliminating the rental market for those works.³³

After adding new performers rights in 1994,³⁴ the government completed “Phase Two” of the copyright reform process in 1997 by providing protection for exclusive book distribution arrangements, by adding neighbouring rights provisions to further compensate producers and performers, by establishing statutory damages, and by creating a new private copying compensation system that includes a levy on blank media.³⁵

Not only have these changes vested new powers in rights holders, but they have also shaped the marketplace for such works. Restrictions on importation of certain works, the addition of rental rights for computer programs and sound recordings, as well as the addition of industrial designs and the private copying system have each had an important impact on the Canadian market. They have eliminated potential new consumer markets (rental rights), created significant new costs to existing markets (private copying), or injected new restrictions on innovation (industrial designs).

31 *Customs Tariff*, R.S.C. 1987, c. C-49, ss. 118–19.

32 *An Act to Amend the Copyright Act and other acts in consequence thereof*, R.S.C. 1988, c. C-15.

33 *Intellectual Law Improvement Act*, R.S.C. 1993, c. 15; *An Act to amend the Copyright Act*, R.S.C. 1993, c. 23; *NAFTA Implementation Act*, R.S.C. 1993, c. 44.

34 *World Trade Organization Agreement Implementation Act*, R.S.C. 1994, c. 47, <<http://laws.justice.gc.ca/en/W-11.8/110729.html>>.

35 *An Act to Amend the Copyright Act*, R.S.C. 1997, c. 24.

C. TPMS AND ANTI-CIRCUMVENTION LEGISLATION

1) TPMS: An Introduction

Owners of online databases and other digital content deploy TPMS to establish a layer of technical protection that is designed to provide greater control over their content. Although TPMS are sometimes referred to as Digital Rights Management (DRM), the two are not the same as TPMS are component parts of an overall DRM system. The content industry has touted TPM's promise for more than decade, maintaining that technological locks could prove far more effective in curtailing unauthorized copying, distribution, performance, and display of content than traditional copyright laws.³⁶ While TPMS are frequently associated with encryption protection, TPMS encompass a broad range of technologies including more mundane approaches such as password protections.

While TPMS do not provide absolute protection — research suggests all TPMS can eventually be broken — companies continue to actively search for inventive new uses for these digital locks.³⁷ In certain instances their use is obvious to consumers. For example, DVDs contain a content scramble system that limits the ability to copy even a small portion of a lawfully purchased DVD.³⁸ Similarly, purchasers of electronic books often find that their e-books contain limitations restricting copying, playback, or use of the e-book on multiple platforms.³⁹ In fact, e-books are frequently saddled with far more restrictions than are found in their paper-based equivalents.

Sometimes the use of a TPM is far less obvious to consumers, manipulating markets to the detriment of consumers, rather than protecting content. For example, DVDs typically contain regional codes that limit the ability to play a DVD to a specific region.⁴⁰ The consumer is often unaware

36 Stefan Bechtold, "The Present and Future of Digital Rights Management" in Eberhard Becker, Willms Buhse, Dirk Günnewig, & Niels Rump, eds., *Digital Rights Management: Technological, Economic, Legal and Political Aspects* (Berlin: Springer, 2003), <www.jura.uni-tuebingen.de/bechtold/pub/2003/Future_DRM.pdf> at 597–654.

37 Cory Doctorow, "Digital Rights Management" (September 21, 2004), <www.changethis.com/4.DRM>.

38 Rob Pegoraro, "DVD-Piracy Paranoia Proves Counterproductive," *The Washington Post* (22 June 2003) F7.

39 Mary Roach, "This Article Cannot Be Read Aloud" *Inc Magazine* (June 2001), <www.inc.com/magazine/20010615/22778.html>.

40 Patrick Marshall, "Wrong DVD code for region can derail your movie plans" *The Seattle Times* (3 July 2004) E6.

of the region code until they purchase a DVD while on vacation in one region only to find that they cannot play the disc on their DVD player when they return home. Online music services contain similar TPMs. For example, Apple iTunes sets limits on the number of copies that can be made from its music files,⁴¹ while HMV in the United Kingdom has announced plans to launch an online music service that will feature songs that cannot even be played on the popular Apple iPod MP3 player.⁴²

Of even greater concern is the increasing use of TPMs in completely unexpected environments. For example, Hewlett-Packard has begun to install TPMs into its printer cartridges.⁴³ The technology is used to block consumers from purchasing cartridges in one region and using them in another, thereby enabling the company to maintain different pricing structures for the same product in different global markets.

Despite the proliferation of TPMs, few consumers are aware of their existence and many manufacturers are loath to disclose their use. Some record labels have begun to post warnings on CDs,⁴⁴ yet few consumers would notice the disclaimer cautioning that their CD contains technological limitations that may inhibit them from being played in their car, on their personal computer, home stereo or other preferred electronic device. Beyond CDs, there is evidence that other TPM-enabled content delivery services similarly disrupt consumer expectations.⁴⁵

In fact, consumers may soon find that these technological limitations force them to incur significant new costs as they face little alternative but to continually re-purchase content so that it functions on new equipment. The industry acknowledges as much, as according to Kevin Gage, a Vice-President with the Warner Music Group, this year [in 2005] we will begin

41 See “Apple – iTunes – Music Store,” <www.apple.com/itunes/store/>. (“You can burn individual songs onto an unlimited number of CDs for your personal use, listen to songs on an unlimited number of iPods and play songs on up to five Macintosh computers or Windows PCs.”)

42 Tony Smith, “HMV iPods not compatible with store’s music downloads” *The Register* (17 June 2004), <www.theregister.co.uk/2004/06/17/hmv_ipod/>.

43 David Pringle & Steve Stecklow, “Electronics With Borders: Some Work Only in the U.S.” *Wall Street Journal* (18 January 2005) B1.

44 Aaron Pressman, “Consumers in crossfire of labels’ war on piracy” *The Christian Science Monitor* (4 March 2002) 18.

45 Deirdre K. Mulligan, John Han, & Aaron J. Burstein, “How DRM-based content delivery systems disrupt expectations of ‘personal use’” in *Proceedings of the 2003 ACM workshop on Digital rights management* (New York: ACM Press, 2003), <www.sims.berkeley.edu/~john_han/docs/po29-mulligan.pdf>.

to see people with “large libraries of content that won’t play with their devices.”⁴⁶

The impact of TPMs also extends far beyond consumer fairness. The same technologies can function much like spyware by invading the personal privacy of user. For example, TPMs can be used to track consumer activity and report the personal information back to the parent company.⁴⁷ There is also concern that TPMs can be used to induce security breaches. Recent reports indicate that hackers are using these technologies in the Microsoft Windows Media Player to trick users into downloading massive amounts of spyware, adware, and viruses.⁴⁸

2) Legal Protection for TPMs

Given the flawed protection provided by TPMs, content owners have lobbied for additional legal protections to support them. Although characterized as copyright protection, this layer of legal protection does not address the copying or use of copyrighted work. Instead, it focuses on the protection of the TPM itself, which in turn attempts to ensure that the underlying content is only accessed and used as controlled by the copyright owner.

Both the *WCT* and *WPPT* contain an anti-circumvention provision requirement. Article 11 of the *WCT* provides that:

Contracting Parties shall provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by authors in connection with the exercise of their rights under this Treaty or the Berne Convention and that restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law.⁴⁹

Similarly, Article 18 of the *WPPT* provides that:

Contracting Parties shall provide adequate legal protection and effective legal remedies against the circumvention of effective technologi-

46 Stefanie Olson, “Piracy fears threaten Hollywood innovation” *TechRepublic* (29 September 2004), <<http://techrepublic.com.com/5102-22-5388602.html>>.

47 Article 29 Data Protection Working Group, “Working Document on data protection issues related to intellectual property rights” (18 January 2005), <http://europa.eu.int/comm/internal_market/privacy/workinggroup/wp2005/wpdocso5_en.htm#wp104>.

48 Tom Spring, “Microsoft to Boost Media Player Security” *PCWorld.com* (20 January 2005), <www.pcworld.com/news/article/0,aid,119362,00.asp>.

49 Above note 9, at Art. 11.

cal measures that are used by performers or producers of phonograms in connection with the exercise of their rights under this Treaty and that restrict acts, in respect of their performances or phonograms, which are not authorized by the performers or the producers of phonograms concerned or permitted by law.⁵⁰

The interpretation of several key words and phrases within these provisions play an important role in determining the scope and coverage of anti-circumvention legislation once implemented into national law. First, the treaties do not provide definitions for the words “adequate” and “effective” with respect to legal protections. Since all TPMs can be circumvented, the provision points to the fact that perfection is not required nor does a minimum global standard exist. Instead, any national legislation will be measured against an adequacy criterion such that the legal protections must provide some measure of protection that a reasonable person would perceive as evidencing effectiveness.

The meaning of “effective technological measures” has also generated some discussion among legal experts.⁵¹ Given the imperfections of TPMs, it is clear that the provision does not afford protections merely for the most effective, technologically advanced TPMs. Conversely, a rights holder may not simply describe any technological control as a TPM and expect to benefit from legal protection. Protections that are plainly ineffective would be unlikely to merit legal protection.⁵²

“Circumvention” is also subject to interpretation. Activities such as a brute force decryption of a TPM or hacking a closed system would obviously be covered by such a provision, though criminal provisions in many jurisdictions, including Canada, could similarly be applied to incidents that are otherwise described as computer crime.⁵³ Circumvention could be interpreted to extend to more mundane activities, however, including

50 Above note 10 at Art. 18.

51 See for example *Heritage Canada, Technical Protection Measures: Legal Protection of TPMs* by I. Kerr, A. Maurushat, & C. Tacit, (Ottawa: Nelligan O’Brien Payne, 2003) at 7–8, <www.pch.gc.ca/progs/ac-ca/progs/pda-cpb/pubs/protectionII/protection_e.pdf> [Heritage Canada]; see also Jacques de Werra, “The Legal System of Technological Protection Measures under the WIPO Treaties, the Digital Millennium Copyright Act, the European Union Directives and other National Laws (Japan, Australia)” (Paper presented to the ALAI Congress, June 2001) [unpublished], <www.law.columbia.edu/conferences/2001/program_en.htm> at 10.

52 See *Heritage Canada, ibid.* at 8.

53 *Criminal Code*, R.S.C. 1985, c. C-46, ss. 342.1, 430(1).

posting passwords or registration numbers on the Internet.⁵⁴ Moreover, although not obviously included within Article 11, some countries believe that incorporating protection against devices that can be used to circumvent a TPM, including software programs, is necessary to ensure that the national legislation meets the adequate legal protection standard.⁵⁵

The most contentious interpretative issue lies with the latter half of the provision. As Professor Ian Kerr notes in his comprehensive study of TPMs:

A literal interpretation of the requirements that TPMs must be “used by authors in connection with the exercise of their rights under this Treaty or the Berne Convention” and “restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law” *suggests that TPMs must restrict acts that are protected by copyright law in order to qualify for legal protection* pursuant to article 11 of the *WCT*. According to this interpretation, article 11 of the *WCT* does not require states to prohibit the circumvention of a TPM in order to benefit from one of the exceptions to copyright (such as, for example, fair dealing in Canada). This suggests that only circumventions resulting in copyright infringement will be subject to article 11.⁵⁶ [emphasis added]

Kerr acknowledges, however, that others have interpreted the clause differently, focusing instead on the latter phrase “restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law.” The alternate interpretation posits that this provision seeks to protect rights holders against the circumvention of TPMs which limit access, effectively creating a *sui generis* right of access control.⁵⁷

3) Implementing Article 11 (WCT) and Article 18 (WPPT)

In view of the broad range of interpretations open to Article 11 of the *WCT* (as well as Article 18 of the *WPPT*), it should come as little surprise to find that there is wide divergence among ratifying countries in the way they have

54 Ian R. Kerr, Alana Marushat, & Christian S. Tacit, “Technological Protection Measures: Tilting at Copyright’s Windmills” (2002-2003) 34 *Ottawa L. Rev.* 7 at para. 54.

55 See for example U.S., Bill H.R. 2281, *Digital Millennium Copyright Act*, 105th Cong., 2d sess., 1998, <www.copyright.gov/title17/>, [DMCA] at s. 1201(a)(2).

56 Above note 54 at paras. 102–3.

57 *Ibid.* at para. 104.

implemented their anti-circumvention obligations into national law. Although a comprehensive review of the implementing legislation of the more than fifty countries that have ratified the WIPO Internet Treaties is beyond the scope of this essay, a spectrum of approaches is presented below.⁵⁸

a) United States

The US ratification of the WIPO Internet Treaties was incorporated into the *Digital Millennium Copyright Act of 1998 [DMCA]*. The US adopted a strongly protectionist approach, adopting provisions beyond what was strictly required under the WIPO Internet Treaties. The US anti-circumvention provision includes the following:

§s. 1201. Circumvention of copyright protection systems

(a) Violations Regarding Circumvention of Technological Measures.—

- (1) (A) No person shall circumvent a technological measure that effectively controls access to a work protected under this title...
- (2) No person shall manufacture, import, offer to the public, provide, or otherwise traffic in any technology, product, service, device, component, or part thereof, that—
 - (A) is primarily designed or produced for the purpose of circumventing a technological measure that effectively controls access to a work protected under this title;
 - (B) has only limited commercially significant purpose or use other than to circumvent a technological measure that effectively controls access to a work protected under this title; or
 - (C) is marketed by that person or another acting in concert with that person with that person's knowledge for use in circumventing a technological measure that effectively controls access to a work protected under this title.
- (3) As used in this subsection—
 - (A) to “circumvent a technological measure” means to descramble a scrambled work, to decrypt an encrypted work, or otherwise to avoid, bypass, remove, deactivate, or impair a technological measure, without the authority of the copyright owner; and

58 For a compendium of national implementing legislation, see Standing Committee on Copyright and Related Rights, *Survey on Implementation Provisions of the WCT and WPPT*, UN WIPO, 9th Sess., (2003) <www.wipo.int/documents/en/meetings/2003/sccr/pdf/sccr_9_6.pdf> [WIPO Survey].

- (B) a technological measure “effectively controls access to a work” if the measure, in the ordinary course of its operation, requires the application of information, or a process or a treatment, with the authority of the copyright owner, to gain access to the work.

(b) Additional Violations

- (1) No person shall manufacture, import, offer to the public, provide, or otherwise traffic in any technology, product, service, device, component, or part thereof, that—
 - (A) is primarily designed or produced for the purpose of circumventing protection afforded by a technological measure that effectively protects a right of a copyright owner under this title in a work or a portion thereof;
 - (B) has only limited commercially significant purpose or use other than to circumvent protection afforded by a technological measure that effectively protects a right of a copyright owner under this title in a work or a portion thereof; or
 - (C) is marketed by that person or another acting in concert with that person with that person’s knowledge for use in circumventing protection afforded by a technological measure that effectively protects a right of a copyright owner under this title in a work or a portion thereof.⁵⁹

In addition to the above-noted provisions, the *DMCA* contains a series of exceptions designed to preserve certain copyright rights. These include a provision mandating a regular consultation on whether the *DMCA* provisions are likely to impair non-infringing uses of works.⁶⁰ The Librarian of Congress, together with the Registrar of Copyrights, are asked to consider a series of factors and to establish exceptions where needed.⁶¹ Moreover, the statute contains several limited exceptions for non-profit libraries,⁶² law enforcement,⁶³ reverse engineering,⁶⁴ encryption research,⁶⁵ security testing,⁶⁶ and privacy.⁶⁷ These exceptions have proven largely ineffective since the Librarian of Con-

59 Above note 55 at ss. 1201(a)(1)–(2), (b)(1).

60 *Ibid.* at s.1201(a)(1)(C).

61 *Ibid.* at s.1201(a)(1)(C)(i)–(v).

62 *Ibid.* at s.1201(d).

63 *Ibid.* at s.1201(e).

64 *Ibid.* at s.1201(f).

65 *Ibid.* at s.1201(g).

66 *Ibid.* at s.1201(j).

67 *Ibid.* at s.1201(i).

gress has established few exceptions and the exceptions apply solely to the act of circumvention. They do not extend to the provisions on devices, including new technologies, products, services, devices, and components that are used for purposes related to circumvention.

US implementation of the WIPO Internet Treaties in the *DMCA* is notable in several respects. First, the *DMCA* provisions include comprehensive restrictions on devices. These provisions shift the focus away from the actual alleged infringer and instead target manufacturers, service providers, and other innovators whose products are captured by the *DMCA* language. That language is quite broad as it even includes marketing products that can be used for the purposes of circumvention.

Second, the *DMCA* provisions contain only limited reference to the actual copyright underlying the TPM. The provisions do refer to TPMs that control access to “works under this title,” yet it is clear that the provisions effectively extend beyond copyrightable work. For example, Professor Dan Burk of the University of Minnesota notes that a work might include copyrightable content mixed with uncopyrightable content (such as facts). If both are placed under the control of a TPM, an attempt to extract the unprotectable content from a copyrighted work by circumventing the TPM would result in an infringement under the Act.⁶⁸

Third, although the section also includes a provision that states that “[n]othing in this section shall affect rights, remedies, limitations, or defenses to copyright infringement, including fair use, under this title,”⁶⁹ the statute does not provide a positive obligation on the copyright holder to ensure that the user retains their fair use rights. As Burk again notes,

[b]ecause the right of access is defined in terms of the technological system, rather than the terms of the content, both copyrightable and uncopyrightable materials will be covered by the anticircumvention right. The controlled content may include uncopyrightable facts, public domain materials, or purely functional works, yet unauthorized access will constitute just as much a violation as it would if the content were copyrightable original expression.⁷⁰

Burk’s reference to public domain materials is particularly apt, since the *DMCA* also fails to include a limitation on the term of protection for a work under a TPM. Accordingly, unlike traditional copyright law, which

68 Above note 13 at 1108.

69 Above note 55 at s.1201(c).

70 Above note 13 at 1108.

limits the term of protection, there is no limit to the term of protection accorded to a TPM, effectively extending the term of protection for works protected by a TPM indefinitely.⁷¹

Fourth, and most importantly, the litigation experience under the *DMCA* has raised significant concerns about the provisions negative effects on research, innovation, and competition. As former Cyber-security Czar Richard Clarke acknowledged in 2002 “a lot of people didn’t realize that [the *DMCA*] would have this potential chilling effect on vulnerability research.”⁷² For example, in 2000, Edward Felten, a Princeton researcher, sought to release an important study on encryption that included information that could be used to circumvent a technological measure. When he publicly disclosed his plans, he was served with a warning that he faced potential legal liability if he went public with his findings, since the mere release of circumvention information might violate US law.⁷³

One year later, Dmitry Sklyarov, a Russian software programmer, was arrested in Las Vegas when he presented a paper on the strengths and weaknesses of software used to protect electronic books.⁷⁴ Sklyarov, who was employed by a Moscow-based software company called Elcomsoft, was charged with violating criminal provisions found in the *DMCA*. He was initially held without bail and faced a maximum fine of US\$500,000 and five years in prison. Although Sklyarov was eventually released, the case had an impact within the scientific community as researchers with ties to the United States reportedly removed information from websites for fear of facing potential lawsuits.⁷⁵

Despite the negative publicity attached to these cases,⁷⁶ reports regularly surface of new incidents. In 2002, Hewlett-Packard threatened to launch a

71 *Ibid.* at 1107.

72 Hiawatha Bray, “Cyber Chief Speaks on Data Network Security,” *The Boston Globe* (17 October 2002).

73 Lisa M. Bowman, “Researchers face legal threats over SDMI hack” *CNET News.com* (23 April 2001), <http://news.com.com/Researchers+face+legal+threats+over+SDMI+hack/2100-1023_3-256277.html>.

74 Michael Geist, “Russian’s case shows severity of copyright law” *Globetechnology.com* (26 July 2001), <<http://news.globetechnology.com/servlet/GAMArticleHTMLTemplate?tf=globetechnology/TGAM/NewsFullStory.html&cf=globetechnology/tech-config-neutral&slug=TWGEISY&date=20010726>>.

75 Electronic Frontier Foundation, “Unintended Consequences: Five Years Under the *DMCA*” v.3 (24 September 2003), <www.eff.org/IP/DMCA/unintended_consequences.pdf> [EFF].

76 Adobe Software, which initiated the complaint against Dmitry Sklyarov, backed off soon after it was targeted with protests and other negative publicity. Geist, above note 74.

suit against researchers who planned to publish information on flaws in an HP UNIX operating system.⁷⁷ One year later, Blackboard Inc., an educational software company, used a *DMCA* threat to stop a presentation on research related to security vulnerabilities in its products at a conference in Atlanta.⁷⁸

At a practical level, experts now issue warnings to researchers and the scientific community on potential copyright risks. For example, consider the advice of two US practitioners in a recent article on reverse engineering:

... a company may find it beneficial to educate its technical personnel specifically about the practical implications of the *DMCA*. Engineers and scientists should be made aware that copyrightable material may be found in numerous contexts, some unexpected. An engineer who is routinely accustomed to deconstructing a semiconductor chip or analyzing software performance must know that while such activities are still generally permissible, certain related analyses such as decompiling or disassembling a software program resident on the chip (which may have become second nature for many technologists in the digital arts) may now be unlawful, if such analyses necessitate circumventing an access control measure.

...

Companies for whom reverse engineering and design around efforts are a principal competitive tool may find it desirable to lobby their congressmen to expand Subsection 1201(f) of the *DMCA* so as explicitly to permit reverse engineering for a wider variety of purposes. Until the *DMCA* is revised, however, companies must tread carefully, understand the limitations and increased scrutiny that Congress and marketplace realities have imposed upon reverse engineering, and design and implement their intellectual property policies and reverse engineering activities accordingly.⁷⁹

The *DMCA*'s effects have extended beyond the scientific community into the marketplace with anti-circumvention cases covering copyright and non-copyright matters. On the copyright front, the prohibition against circumventing devices has been successfully invoked to limit competition in several instances. In one of the first *DMCA* cases, Real Networks, an Inter-

77 EFF, above note 75.

78 *Ibid.*

79 Jeffrey Sullivan & Thomas Morrow, "Practicing Reverse Engineering in an Era of Growing Constraints under the Digital Millennium Copyright Act and Other Provisions" (2003) 14 Alb. L.J. Sci. & Tech. 1 at 49–52.

net streaming company, sued a company called Streambox over the availability of a product that allowed for the recording of streamed content.⁸⁰

Real Networks encoded its streamed content with “Copy Switch,” a piece of data that contained the content owner’s preference regarding whether or not the stream could be copied by end users. Streambox developed the equivalent of a VCR for streaming content, enabling end users to access and download copies of RealMedia files that were streamed over the Internet much like television programming. In order to do so, the Streambox product circumvented the Real Networks authentication procedure.

A federal court in Washington concluded that the Streambox product was a device that circumvented the Real Networks’ TPM. In its defence, Streambox argued that its product could be used for lawful purposes, namely fair use copying of the programming. While the court did not challenge the notion that the device could be used for fair use purposes, it concluded that:

Under the *DMCA*, product developers do not have the right to distribute products that circumvent technological measures that prevent consumers from gaining unauthorized access to or making unauthorized copies of works protected by the Copyright Act. Instead, Congress specifically prohibited the distribution of the tools by which such circumvention could be accomplished. The portion of the Streambox VCR that circumvents the technological measures that prevent unauthorized access to and duplication of audio and video content therefore runs afoul of the *DMCA*.⁸¹

Moreover, the court acknowledged that the *DMCA* was effectively divorced from traditional copyright analysis. It cited with approval the conclusion that

a given piece of machinery might qualify as a stable item of commerce, with a substantial noninfringing use, and hence be immune from attack under *Sony’s* construction of the Copyright Act but nonetheless still be subject to suppression under Section 1201. ... As such, equipment manufacturers in the twenty-first century will need to vet their products for compliance with Section 1201 in order to avoid a circumvention claim, rather than under *Sony* to negate a copyright claim.⁸²

80 *RealNetworks Inc. v. Streambox Inc.*, 2000 U.S. Dist. LEXIS 1889 [*Streambox*].

81 *Ibid.* at 2.

82 *Ibid.* at 22.

In recent years, several similar cases have been launched by the motion picture industry against software makers that allow users to make copies of their store-bought DVDs.⁸³ DVDs are encoded with several anti-copying technologies including Macrovision and the Content Scramble System (CSS). The Macrovision technology is designed to stop the copying of a DVD into analog format,⁸⁴ while CSS is an encryption tool that restricts the playback functionality of DVDs to those devices that contain the associated electronic keys.⁸⁵ In other words, the DVDs can only be played on devices that are authorized by the owner of copyright in the DVD. The Copyright Control Authority (CCA) controls access to the keys necessary to decrypt the CSS.⁸⁶

321 Studios, a software company based in St. Louis, marketed a software program that allowed users to make backup copies of their store-bought DVDs. The company faced litigation from both Macrovision and MGM, a leading Hollywood motion picture studio. 321 Studios argued that its program merely enabled users to lawfully exercise their rights associated with copyrighted works that they had already purchased. Both Macrovision⁸⁷ and MGM⁸⁸ successfully argued that the 321 Studios product violated the provisions found in the DMCA, notwithstanding the potential lawful uses of its product. 321 Studios filed for bankruptcy protection in August 2004, as the company collapsed under the weight of the litigation.⁸⁹

Perhaps the best-known DMCA case also involved a dispute over CSS. Since the CCA controls access to the keys necessary to decrypt CSS, it is effectively able to limit the playback of DVDs to specific devices or computer

83 See *Macrovision Corp. v. 321 Studios*, 2004 U.S. Dist. LEXIS 8345 [Macrovision]. See also *321 Studios v. MGM Studios, Inc.* 307 F. Supp. 2d. 1085 [MGM]. See also *Paramount v. Tritton Archive*, <www.eff.org/IP/DMCA/Paramount_v_Tritton/complaint.pdf>.

84 Electronic Frontier Foundation, “Analog Protection System” (Presentation to the Analog Discussion Group, March 2003) [unpublished], <www.eff.org/IP/DMCA/Macrovision_v_321Studios/20030320_Macrovision_APS.pdf>.

85 See MGM, above note 83; see also *Order Granting Defendant’s Motion for Partial Summary Judgment and Resolving Related Motions* at 1, <www.eff.org/IP/DMCA/MGM_v_321Studios/20040219_Order.pdf>.

86 *Ibid.*

87 Above note 83. See also Electronic Frontier Foundation, “Macrovision c. 321 Studios Archive” <www.eff.org/IP/DMCA/Macrovision_v_321Studios/>.

88 Above note 83. See also Electronic Frontier Foundation, “Macrovision c. 321 Studios Archive” <www.eff.org/IP/DMCA/MGM_v_321Studios/>.

89 John Borland, “DVD-copying trailblazer shuts its doors” *CNET News.com* (3 August 2004), <http://news.com.com/DVD-copying+trailblazer+shuts+its+doors/2100-1025_3-5295913.html>.

operating systems. When DVDs were first introduced into the consumer marketplace, the CCA declined to make the keys available to those who used the open source Linux operating system. Accordingly, Linux users could purchase DVDs but were unable to play them on their computer systems, affecting both Linux users and Linux's credibility as a competitive mainstream computer operating system.⁹⁰

Jon Johansen, a Norwegian teenager, developed a software program known as DeCSS, short for Decrypt CSS.⁹¹ The program allowed users to decrypt the CSS incorporated into DVDs and thereby access the content. The DeCSS program was posted on the Internet and linked to by "2600," a quarterly hacker magazine. The Motion Picture Association of America (MPAA) filed suit against the magazine and its publisher for linking to the software program, arguing the mere Internet link violated the *DMCA*.⁹² The MPAA proved successful in its claim as the 2nd Circuit Court of Appeals rejected arguments that the CSS was not an effective TPM and that DeCSS was merely being used to create a Linux-based DVD player.⁹³

In addition to cases upholding restrictions on the lawful use of copyrighted materials, content companies have also used the *DMCA*'s anti-circumvention provisions to restrict competitive third party innovation. For example, Vivendi-Universal's Blizzard Entertainment successfully sued a group of volunteer game enthusiasts who created open source software that allowed owners of Blizzard games to play them over the Internet. The software, created through reverse engineering, used a server called "bnetd," which provided an alternative to Blizzard's own Battle.net servers. Blizzard sought to bar distribution of bnetd, claiming that the software was a circumvention device that violates the *DMCA* and that it was used to permit networked play of Blizzard games.⁹⁴

In September 2004, a federal court in Missouri ruled in favour of Blizzard.⁹⁵ In addressing the *DMCA* issues, the court found that the software creators had violated the anti-circumvention provisions both on the

90 Deborah Durham-Vichr, "Focus on DeCSS Trial" *Linux World* (27 July 2000), <<http://archives.cnn.com/2000/TECH/computing/07/27/decss.trial.p1.idg>>.

91 *Universal City Studios v. Reimerdes*, 111 F. Supp. 2d. 294 (SDNY 2000), aff'd 273 F. 3d 429 (2d Cir. 2001). See unofficial decision <www.2600.com/news/112801-files/universal.html>.

92 *Ibid.*

93 *Ibid.*

94 See Electronic Frontier Foundation, "Blizzard v. BNETD" <www.eff.org/IP/Emulation/Blizzard_v_bnetd> [BNETD].

95 *Davidson & Associates, Inc. v. Internet Gateway*, 334 F.Supp.2d 1164 (E.D. Mo. 1 August 2003).

grounds that they had actually circumvented Blizzard's TPM and because the software program itself constituted trafficking in a circumvention device. The court dismissed the creators' arguments that their conduct was saved by the *DMCA*'s reverse engineering provision.⁹⁶ The case is currently under appeal.⁹⁷

The string of cases, from Streambox to DeCSS to Blizzard, illustrates the potential for anti-circumvention provisions to be used as a sword to restrict competition and innovation. While a copyrighted work underlies each of the cases, by extending the scope of the *DMCA* to include the devices that can be used to circumvent a TPM, the United States has provided content holders with a powerful new tool to forestall competition and limit innovation. Moreover, the effect of the anti-circumvention provisions is to effectively replace copyright protection with access controls. This eviscerates fair use rights such as the right to copy portions of work for research or study purposes, since the blunt instrument of technology can be used to prevent all copying, even that which copyright law currently permits. Justice Binnie of the Supreme Court of Canada may have concluded in the *Théberge* case that "once an authorized copy of a work is sold to a member of the public, it is generally for the purchaser, not the author, to determine what happens to it,"⁹⁸ but that is plainly no longer the case in the United States under the *DMCA*.

Not only have there been a large number of anti-circumvention copyright-related cases, but in recent years there have also been several attempts to extend the applicability the *DMCA*'s anti-circumvention provisions outside the copyright arena in a direct assault on marketplace competition. The StorageTek case, in which the company obtained an injunction prohibiting Custom Hardware Engineering and Consulting, a maintenance consulting company, from servicing StorageTek's products, provides a perfect illustration.⁹⁹

The StorageTek data storage system, which contains thousands of tapes, typically includes up to twenty-four control units that can hold hundreds of terabytes of data. Custom Hardware tricked the StorageTek security

96 *Ibid.* at para. 1185.

97 Above note 94.

98 *Théberge v. Galerie d'Art du Petit Champlain Inc.*, 2002 SCC 34, <www.lexum.umontreal.ca/cscscc/en/pub/2002/vol2/html/2002scr2_0336.html>, [2002] 2 S.C.R. 336 [*Théberge*] at para. 31.

99 *Storage Tech. Corp. v. Custom Hardware Eng'g & Consulting*, 2004 U.S. Dist. LEXIS 12394 (D. Mass., 2 July 2004). See unofficial version <<http://lawgeek.typepad.com/lawgeek/LegalDocs/storagetekDMCA.pdf>>.

system into activating the proprietary “maintenance code” that activated functions like event logging and a special user interface. With the maintenance code in hand, Custom Hardware was then able to identify the repair functions that needed to be performed.

The court ruled that Custom Hardware’s approach violated the *DMCA*’s anti-circumvention provisions, reasoning that the maintenance code was copyrightable material and that it was protected by an access control. Custom Hardware raised antitrust concerns, yet the court dismissed them, concluding that “the defendants cannot avoid an injunction against their illegal conduct by alleging violations of antitrust law on [the] plaintiff’s part.”¹⁰⁰

Similar cases have been launched involving printer cartridges and garage door openers. In 2003, Lexmark, a leading computer printer manufacturer, launched a suit against Static Control Components, which provided low cost printer cartridge refills. Lexmark claimed that Static Control violated the *DMCA* by selling its Smartek chips to companies that refill toner cartridges and thereby undercut Lexmark’s prices. The chips mimicked the authentication sequence used by Lexmark chips, thereby tricking the printer into accepting an aftermarket cartridge. Lexmark argued that that process “circumvents the technological measure that controls access to the Toner Loading Program and the Printer Engine Program,” and asked the court to order the destruction of all Smartek chips.¹⁰¹

Lexmark succeeded in obtaining an injunction from a federal district court in Kentucky, which ruled that Lexmark’s authentication sequence constituted a “technological measure” that “effectively controls access” to two copyrighted works — the Toner Loading Program and the Printer Engine Program.¹⁰² The authentication sequence, it determined, controlled access because it controls the consumer’s ability to make use of these programs. Since Static Control’s chips circumvented the authentication sequence, the court reasoned that it violated the *DMCA*’s anti-circumvention provisions.

In an October 2004 decision, however, the 6th Circuit Court of Appeal overturned the injunction on appeal, ruling that the authentication system did not control access to a work and therefore the *DMCA* provision

¹⁰⁰ *Ibid.* at para. 11.

¹⁰¹ Declan McCullagh, “Lexmark invokes *DMCA* in toner suit” *CNET News.com* (8 January 2003) <<http://news.com.com/2100-1023-979791.html>>.

¹⁰² *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 253 F. Supp. 2d 943 at para. 969 (E.D. Ky., 2003).

was inapplicable.¹⁰³ The court added that “[n]owhere in its deliberations over the DMCA did Congress express an interest in creating liability for the circumvention of technological measures designed to prevent consumers from using consumer goods while leaving the copyrightable content of a work unprotected.”¹⁰⁴

In a dissenting opinion, Judge Feikens indicated that had the facts been somewhat different, a DMCA violation would have occurred.¹⁰⁵ In particular, he noted that Static Control was unaware of the Toner Loading Program. He concluded that had the company been aware of the program and still sought to circumvent, the outcome of the case might have been different. He supported his conclusion by arguing that consumers did not have the right to refill a printer cartridge. If they used a Smartek chip to do so, he believed that it would constitute an unauthorized access.

In another much-publicized case, Chamberlain Group, a leading garage door opener manufacture, filed suit against Skylink, a small Canadian company that sold remote control devices that interoperated with Chamberlain’s products.¹⁰⁶ Chamberlain argued Skylink’s remote control device circumvented access controls to a computer program in its garage door opener. Both a district court¹⁰⁷ and the 7th Circuit Court of Appeals¹⁰⁸ dismissed Chamberlain’s suit. The company later filed an unsuccessful appeal with the US Supreme Court.¹⁰⁹

While the record on non-copyright DMCA anti-circumvention suits has been mixed, the impact of the cases surely has not. The threat and cost of litigation undoubtedly creates a significant drag on innovation by small and medium-sized businesses since for many companies, the risk, time, and cost of fending off a lawsuit may be too great to proceed with bringing a product to market. Not only does this impede the innovation process, but consumers also face the prospect of reduced competition, higher prices, and service provider lock-in.

103 *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 2004 U.S. App. LEXIS 22250 (6th Cir. Ky., 26 October 2004). See unofficial version <<http://lawgeek.typepad.com/04ao364p-06.pdf>>.

104 *Ibid.* at para. 549.

105 *Ibid.* at para. 553.

106 *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 292 F. Supp. 2d 1023, 2003 U.S. Dist. LEXIS 15298 (N.D. Ill., 2003).

107 *Ibid.*

108 *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 2004 U.S. App. LEXIS 18513 (Fed. Cir., 2004).

109 “Garage Door Maker Seeks Review of DMCA Case,” *BNA Electronic Commerce and Law Review* (16 February 2005) at 151.

b) Australia

Australia's implementation of the WIPO Internet Treaties has occurred in two phases — first within the *Digital Agenda Act* in 2000, which amended the *Copyright Act* of 1968,¹¹⁰ and second as part of the *US-Australia Free Trade Agreement (AUSFTA)* which was concluded in 2004.¹¹¹

The first set of reforms focused on the distribution of circumventing devices rather than the act of circumvention or the individuals who use circumvention technologies. It prohibited supplying circumvention devices and services whose purpose is to circumvent effective technological protection measures.¹¹² It is noteworthy that the law did not prohibit use of a circumventing device, only its distribution. A circumventing device is defined as “a device (including a computer program) having only a limited commercially significant purpose or use, or no such purpose or use, other than the circumvention, or facilitating the circumvention, of an effective technological protection measure.”¹¹³

The Act contained an exception that permits circumvention devices and services to be supplied in several circumstances. These include:

- (a) to a person authorised in writing by a body administering an educational institution to make reproductions and communications under the statutory licence in Part VB of the Act;
- (b) for the purpose of making reproductions and communications under that statutory licence;
- (c) of material which is not readily available in a form which is not protected by a technological protection measure.¹¹⁴

The *AUSFTA*, a comprehensive free trade agreement, specifically mandated that Australia incorporate additional anti-circumvention legislation into its national law.¹¹⁵ Article 17.4.7(a) required Australia to change its law by providing for a ban on both the distribution and use of devices for circumventing TPMs.¹¹⁶ In addition, Article 17.4.7(b) required Australia to adopt

110 *Copyright Act 1968* (Cth), <www.austlii.edu.au/au/legis/cth/consol_act/ca1968133/>[*Copyright Act*].

111 *Copyright Amendment (Digital Agenda) Act 2000* No. 110, 2000 (Cth), <www.austlii.edu.au/au/legis/cth/num_act/caaa2000n1102000321/>[*Digital Agenda*].

112 *Australia-United States Free Trade Agreement*, Australia and United States, 1 January 2005, <www.dfat.gov.au/trade/negotiations/us_fta/final-text/>[*AUSFTA*].

113 Above note 111 at sch. 1, ss. 4–5.

114 *Ibid.*

115 Above note 112.

116 *Ibid.* at Art. 23.4(1).

a definition of a TPM that controls access to a protected work, or protects any copyright.¹¹⁷ The change is believed to target Australia's practice of parallel importation.¹¹⁸

c) European Union

The European Union approach to WIPO Internet treaty implementation is found in *Directive 2001/29/EC*, better known as the *European Copyright Directive (EUCD)*.¹¹⁹ The directive entered into force in June 2001 and granted member states eighteen months to implement its provisions within their national law.¹²⁰ As of September 2004, eight countries — Belgium, Cyprus, Estonia, Finland, France, Portugal, Spain, and Sweden — had still failed to do so.¹²¹

Article 6 of the *EUCD* contains anti-circumvention provisions similar to those found in the *DMCA*. Article 6.1 requires that member states provide “adequate legal protection” against the deliberate circumvention of technological measures.¹²² This applies regardless of whether such an act infringed any copyright, though a user must know or have reasonable grounds to know they are causing such circumvention. Article 6.2 focuses on circumvention devices, defining any device or service as one that is marketed or primarily designed to circumvent technical measures, or has only limited other commercial purpose.¹²³ The article bans the manufacture, importation, distribution, sale, rental, or advertisement of circumvention devices or services. Moreover, possession of such devices for commercial purposes is also prohibited, and recital 49 of the *EUCD* grants

¹¹⁷ *Ibid.* at Art. 17.4.7(a).

¹¹⁸ Kimberlee Weatherall, “Submission to the Senate Select Committee on the Australia-United States Free Trade Agreement” Intellectual Property Research Institute of Australia (30 April 2004), <www.ipria.org/research/Submission_KWeatherall_SenateSelectCommittee2.pdf>.

¹¹⁹ EC, *Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society*, [2001] O.J. L. 167/10, <www.ivir.nl/legislation/eu/copyright-directive.doc>, [*EUCD*]. For a critical analysis of the *EUCD*, see B. Hugenholtz, “Why the Copyright Directive is Unimportant and Possibly Invalid,” 11 E.I.P.R. 501.

¹²⁰ *Ibid.*, Art. 13.1.

¹²¹ Urs Grasman & Michael Girsberger, “Transposing the Copyright Directive: Legal Protection of Technological Protection Measures in EU-Member States, A Genie Stuck in a Bottle?” in Berkman Publication Series No. 2004-10 (November 2004) at 8, <<http://cyber.law.harvard.edu/media/eucd>> [Berkman].

¹²² Above note 119 at Art. 6.1.

¹²³ *Ibid.* at Art. 6.2.

member states the right to further ban private possession of circumvention devices.¹²⁴

The *EUCD* does contain one crucial article that seeks to address the issue of copyright balance. Article 6.4 provides that:

Notwithstanding the legal protection provided for in paragraph 1, in the absence of voluntary measures taken by rightholders, including agreements between rightholders and other parties concerned, Member States shall take appropriate measures to ensure that rightholders make available to the beneficiary of an exception or limitation provided for in national law...the means of benefiting from that exception or limitation, to the extent necessary to benefit from that exception or limitation and where that beneficiary has legal access to the protected work or subject-matter concerned.¹²⁵

The *EUCD* lists several exceptions that are mandatory. These include exceptions in relation to photocopying, copy and archiving activities by educational facilities, broadcaster ephemeral recordings, non-commercial broadcasts, teaching and research, use by disabled individuals, and public safety.¹²⁶ Moreover, member states are also permitted to take measures to preserve private copying rights.¹²⁷

Implementation of the *EUCD* varies considerably between member states. For example, in Germany paragraph 95a(2) of the *Copyright Act* limits the coverage of anti-circumvention protection solely to works that are subject to copyright protection. Accordingly, where TPMs are applied to non-copyrightable works, including the non-copyright cases described above and works in the public domain, the anti-circumvention protection does not apply.¹²⁸

Denmark's implementation includes an explanatory text that indicates that only TPMs used to prevent copying are protected. Accordingly, if a TPM seeks to expand protection beyond mere copyright protection it does not enjoy legal protection. For example, encoding DVDs with regional coding would presumably not enjoy protection, an interpretation confirmed by the Danish Ministry of Culture which has opined that it would not be unlawful to circumvent DVD regional encoding for lawfully acquired

¹²⁴ *Ibid.* at Art. 49.

¹²⁵ *Ibid.* at Art. 6.4.

¹²⁶ Above note 121 at 10.

¹²⁷ *Ibid.* at 11.

¹²⁸ *Ibid.* at 13.

DVDs, nor to circumvent a TPM if the sole purpose is to use a lawfully acquired work.¹²⁹

Among implementing member states, Italy has moved the furthest toward applying the *EUCD*'s Article 6.4 to private copying. Its legislation includes the right to make one copy for personal use notwithstanding a TPM, provided that the work is lawfully acquired and the single copy does not prejudice the interests of the rights holder.¹³⁰ Other member states have sought to provide users with a positive right of access. For example, Greece provides such a right with the condition that failure to obtain the right leads first to mediation, followed by a legal right of action.¹³¹ Both Austria and the Netherlands have legislation that assumes access for non-infringing material — Austria has said it is “monitoring” the situation, while the Netherlands has included the ability for the Justice Minister to issue decrees on the matter.¹³²

The EU experience to date illustrates the significant flexibility in implementing the WIPO Internet treaties. Although on the surface the *EUCD* appears similar to the *DMCA*, at the member state level it is clear that many countries have sought to closely link anti-circumvention legislation with traditional copyright infringement. Moreover, the *EUCD*'s openness to the establishment of TPM exceptions to protect user exceptions represents an important potential compromise designed to preserve the copyright balance.

d) Developing Countries

The majority of countries that have ratified the WIPO Internet Treaties are not developed countries such as the US, Australia, and EU, but rather developing countries from South America, Africa, Eastern Europe, and Asia.¹³³ Although the many smaller developing countries are not presently significant copyright importing or exporting countries, their ratifications were needed to obtain the minimum number of country ratifications in order for the treaties to take effect.

In 2003, WIPO released a comprehensive review of national implementing legislation. Contrary to some expectations, WIPO's review dem-

¹²⁹ *Ibid.* at 14.

¹³⁰ *Ibid.* at 23.

¹³¹ *Ibid.* at 21.

¹³² *Ibid.* at 22–3.

¹³³ For a complete list of ratifying countries, see <www.wipo.int/treaties/en/documents/pdf/s-wct.pdf> and <www.wipo.int/treaties/en/documents/pdf/s-wpvt.pdf>.

onstrated that many countries had ratified the WIPO Internet Treaties without even including anti-circumvention provisions. Countries that have ratified at least one of the WIPO Internet Treaties but do not have anti-circumvention legislation within their national law include Albania, Argentina, Chile, Croatia, El Salvador, Gabon, Kyrgystan, Latvia, Mali, Mongolia, Panama, the Philippines, Romania, Saint Lucia, and Senegal.¹³⁴ It may be possible that some of these countries have allowed for the WIPO Internet treaties to take direct effect within their countries and that they have therefore effectively incorporated the *WCT* and *WPPT*'s anti-circumvention provisions. In such instances, it would be difficult to discern the precise legal rules since the *WCT* and *WPPT* do not contain the specificity typically found in implementing legislation.

Even among those developing countries that have implemented anti-circumvention legislation within their national law, a variety of approaches have been taken, further confirming the flexibility inherent in implementation afforded by the treaties. For example, Peru's law provides that circumvention of a TPM is only unlawful if it occurs for a commercial purpose or results in copyright infringement.¹³⁵

D. TOWARD A CANADIAN WAY ON ANTI-CIRCUMVENTION LEGISLATION

As Canadians consider the anti-circumvention provisions contained in Bill C-60, several lessons learned elsewhere bear repeating. First, anti-circumvention represents an entirely new approach to copyright law. While copyright law seeks to balance creator and user rights by identifying the rights and limitations on rights holders, TPMs, supported by anti-circumvention legislation, creates new layers of protection that do not correlate with traditional copyright law.

As noted above, Justice Binnie stated in *Théberge* that "once an authorized copy of a work is sold to a member of the public, it is generally for the purchaser, not the author, to determine what happens to it."¹³⁶ Cases such as *Streambox* serve as an important reminder that this is not always the case, since activity that is lawful under traditional copyright law, may be unlawful under certain anti-circumvention legislation. This change in the law should resonate with the Competition Bureau since it challenges its

¹³⁴ *WIPO Survey*, above note 58.

¹³⁵ *Ibid.* at 618.

¹³⁶ *Théberge*, above note 98 at para. 31.

longstanding position that a hands-off approach to intellectual property is warranted given its characterization of IP as pro-competitive.

Second, there is considerable flexibility in how a country implements its anti-circumvention obligations into national law. While the US *DMCA* is the best-known implementation, the approaches in several European countries, as well as those in the developing world, indicate that a country can seek to maintain the copyright balance, avoid regulating technologies, and foster a pro-competitive marketplace within the WIPO framework.

Third, the US *DMCA* experience illustrates that the fears raised by critics of the US approach have come to fruition. In only seven years, the *DMCA* has become a heavily litigated statute used by rights holders and non-rights holders to restrict innovation, stifle competition, and curtail fair use. This has occurred in large measure due to the US decision to strictly regulate anti-circumvention devices and to downplay the connection between TPM protection and copyright.

1) Bill C-60: A Competition Perspective

Bill C-60 leaves few areas of Canadian copyright law untouched, with new provisions addressing the rights of performers and photographers, the role of Internet service providers, as well as the digital delivery of books and lessons by educators and librarians. As Canadians debate the bill, the provisions that incorporate anti-circumvention legislation into Canadian copyright law are likely to prove to be the most contentious. As addressed elsewhere in this book, those provisions will have a significant impact on freedom of expression and privacy as well as raise concerns about the constitutionality of para-copyrights.

This section focuses more narrowly on the marketplace competition concerns raised by the provisions. The bill begins by defining technological measures as “any technology, device or component that, in the ordinary course of its operation, restricts the doing ... of any act that is mentioned in section 3, 15 or 18 or that could constitute an infringement of any applicable moral rights.”¹³⁷ The Canadian approach interestingly avoids inclusion of the word “effective,” choosing instead to focus on technologies that restrict the use of works subject to copyright “in the ordinary course” of their operation. This may prove to be a distinction without a difference, however, since courts may use a similar analysis to determine the con-

¹³⁷ Above note 15 at s. 1(2).

tours of “ordinary course” as they would use to establish an effectiveness standard.

Bill C-60 includes three anti-circumvention provisions. The first provision establishes the general prohibition on circumventing a technological measure:

34.02 (1) An owner of copyright in a work, a performer’s performance fixed in a sound recording or a sound recording and a holder of moral rights in respect of a work or such a performer’s performance are, subject to this Act, entitled to all remedies by way of injunction, damages, accounts, delivery up and otherwise that are or may be conferred by law for the infringement of a right against a person who, without the consent of the copyright owner or moral rights holder, circumvents, removes or in any way renders ineffective a technological measure protecting any material form of the work, the performer’s performance or the sound recording for the purpose of an act that is an infringement of the copyright in it or the moral rights in respect of it or for the purpose of making a copy referred to in subsection 80(1).¹³⁸

This provision accomplishes several things. First, it establishes who is entitled to exercise the new right against anti-circumvention, namely all copyright holders including owners and performers. Second, it grants those copyright holders the full scope of potential remedies, including injunctions and damages, in the event of infringement. Third, and most important, it renders it an infringement to break a technological measure for the purpose of an act that constitutes copyright infringement. It is important to note that this provision does not make circumvention of a technological measure an infringement *per se*; an infringement will only occur where the purpose of the circumvention is to infringe copyright.¹³⁹ This limitation suggests that circumvention for the purposes of fair dealing would be lawful under Canadian law. Moreover, this provision only targets the act of circumvention; Bill C-60 does not establish legal limitations on devices that can be used to circumvent technological measures.

The second provision is somewhat more cryptic and difficult to interpret:

¹³⁸ *Ibid.* at s. 34.02(1).

¹³⁹ A notable exception is that circumvention for the purposes of making a private copy (i.e., breaking anti-copying technology on a music CD to make a private copy).

(2) An owner of copyright or a holder of moral rights referred to in subsection (1) has the same remedies against a person who offers or provides a service to circumvent, remove or render ineffective a technological measure protecting a material form of the work, the performer's performance or the sound recording and knows or ought to know that providing the service will result in an infringement of the copyright or moral rights.¹⁴⁰

On one reading, this provision merely establishes similar limitations on persons who provide a specific service to circumvent a technological measure. The crucial wording is that the service provider “knows or ought to know that providing the service will result in an infringement.” Since mere circumvention is not an infringement under Bill C-60 (infringement requires circumvention with an infringing purpose), it may be that a service provider will only be caught under this provision where they directly know the party for whom they are circumventing the technological measure and they know (or ought to know) that the circumvention is for an infringing purpose. Under this interpretation, merely providing a circumvention service (or distributing software or other devices capable of circumvention) would not be caught since the service provider would not know with certainty that the service will be used for an infringing purpose.

While this may have been the drafters' intent, the provision could be interpreted in a broader manner, capturing not only the actions described above, but also those service providers who “ought to know” that their services will be used for an infringing purpose. Under this interpretation, distributing software that is frequently used for infringing purposes might be caught within the provision.

The third provision is fairly straightforward, as it merely establishes legal limitations on what can be done with work subject to copyright that has had a technological measure removed. This covers activities that arise after the copyright work has been circumvented, and restricts the sale, rental, trade, or distribution of the work. The specific provision states that:

(3) If a technological measure protecting a material form of a work, a performer's performance or a sound recording referred to in subsection (1) is removed or rendered ineffective in a manner that does not give rise to the remedies under that subsection, the owner of copyright or holder of moral rights nevertheless has those remedies

140 Above note 15 at s. 34.02(2).

against a person who knows or ought to know that the measure has been removed or rendered ineffective and, without the owner's or holder's consent, does any of the following acts with respect to the material form in question:

- (a) sells it or rents it out;
- (b) distributes it to such an extent as to prejudicially affect the owner of the copyright;
- (c) by way of trade, distributes it, exposes or offers it for sale or rental or exhibits it in public; or
- (d) imports it into Canada for the purpose of doing anything referred to in any of paragraphs (a) to (c).¹⁴¹

2) Bill C-60's Anti-circumvention Provisions: The Positives

a) Flexible Implementation of the WIPO Internet Treaties

The Canadian approach to anti-circumvention as contained in Bill C-60 has several positive elements. First, the government has clearly recognized the flexibility inherent in the WIPO Internet Treaties. Although it may face criticism from some US-linked rights holder groups for deviating from the *DMCA* model, the review of *WIPO Internet Treaty* implementations in other jurisdictions illustrated that there is more than one model that can be used to become "WIPO compliant."

b) Direct Connection between Anti-Circumvention and Copyright Infringement

The federal government has appropriately ensured that the anti-circumvention provisions feature a direct connection to traditional copyright infringement by limiting the scope of a circumvention offence to users who circumvent for the purpose of committing copyright infringement. Copyright, competition, and constitutional law analysis all support this approach.

From a copyright perspective, failure to link circumvention with copyright would alter the balance between creators and users as it would invariably lead to an expansion of the rights attached to copyright. The US experience provides ample evidence in this regard as courts have openly acknowledged that copyright compliant activity or devices are no longer sufficient, since anti-circumvention renders illegal activity that is legal

¹⁴¹ *Ibid.* at s. 34.02(3).

under traditional copyright norms. Such an approach would run directly counter to recent Supreme Court of Canada pronouncements on Canadian copyright law that have emphasized the need for an appropriate balance to encourage creativity and innovation in the long-term interests of society as a whole.

The impact of non-linkage would extend the provisions well-beyond works typically associated with copyright. As the *StorageTek*, *Lexmark*, and *Chamberlain* cases illustrate, provisions that open the door to using anti-circumvention provisions beyond traditional copyright norms risk generating uncertainty in the marketplace and the potential for lawsuits that restrain competition and limit consumer choice. This issue has not escaped the attention of many other countries, including Germany and Denmark, which have implemented laws that link anti-circumvention legislation to copyright infringement.

Beyond the copyright and competition policy reasons for a direct connection between anti-circumvention and copyright, as Jeremy deBeer persuasively argues in Chapter 4, there is a strong constitutional law reason for doing so. The federal government's jurisdiction over copyright is derived from section 91(23) of the *Constitution Act, 1867*.¹⁴² Anti-circumvention legislation that is closely connected to copyright principles would be less susceptible to constitutional challenge.

c) No Legislation Against Devices

Canada has rightly decided to not legislate against anti-circumvention devices. Regulating technology is always a slippery slope — the experience in the US illustrates that banning the distribution or possession of devices leads to significant innovation disincentives since small and medium-sized businesses, scientists, venture capitalists, and other parties that facilitate innovation are likely to abandon cutting edge research and projects for fear of potential legal liability. Those fears have been made manifest in security research in the United States, where the impact of lawsuit threats against scientists several years ago is still being felt today.

The challenge of discerning between “appropriate” and “inappropriate” devices is very difficult and likely to result in overbroad coverage that criminalizes devices with multiple legitimate uses. That is certainly the case in the United States, where the DeCSS case demonstrates how a

142 *Constitution Act, 1867* (U.K.), 30 & 31 Vict., c. 3, s. 91(23), reprinted in R.S.C. 1985, App. II, No. 5.

software program with a legitimate use (playing a store-bought DVD on a computer with the Linux operating system) can be rendered illegal.

Bill C-60 is on safe ground here since there is no legal requirement within the WIPO Internet Treaties to incorporate provisions on devices that can be used for circumvention purposes. Rather, a framework that covers the act of circumvention as it relates to copyright infringement provides rights holders with the adequate protection mandated by the treaties.

3) Bill C-60's Anti-circumvention Provisions: Room for Improvement

a) *Competition Act* Amendments

Notwithstanding Bill C-60's positives, from a competition law perspective there remains some room for improvement. First, alongside the amendments to the *Copyright Act* prescribed by the Bill, the *Competition Act* should be amended to ensure that the Competition Bureau is not restricted in its ability to bring actions against abusive behaviour stemming from the application of an anti-circumvention right. Although Wetston and Addy have argued that section 79(5) of the *Competition Act* does not grant blanket immunity to intellectual property rights holders, both the Competition Tribunal and the Bureau's own *IPEGs* evidence a strong reluctance to interfere with the application of an intellectual property right. Accordingly, a statutory exception would be needed to ensure that section 79(5), which precludes the Bureau from taking action against abusive behaviour that arises directly from the exercise of a right under the *Copyright Act*, would not apply to anti-circumvention provisions.

The experience with TPMs in other jurisdictions provides a compelling case for a fully engaged, active Competition Bureau as the technology is inserted into ever-more products and services. In fact, while the WIPO Internet treaties provide protection for TPMs, it is increasingly evident that the marketplace may require protection from TPMs. As noted at the beginning of this essay, in 1992 the Bureau acted against computer maker DEC over tied selling activities that bear a striking resemblance to conduct that is now protected in the United States by anti-circumvention legislation. If the Bureau is to maintain a vital role in fostering innovation and a competitive marketplace, it cannot face statutory restrictions to act against anticompetitive, harmful market conduct.

An active and unrestricted Competition Bureau is particularly important in the Canadian context since Canada does not have a doctrine of copyright misuse. Copyright misuse is an equitable defence in infringe-

ment cases where the plaintiff's actions have expanded their copyright past the statutory limits (i.e., anticompetitive acts).¹⁴³ Canadian courts have not directly adopted the doctrine of copyright misuse from US courts.¹⁴⁴ In the United States, the doctrine was "created to address situations in which the owner of an intellectual property right used his or her legal monopoly to create such an asymmetry in the balance of rights that courts refused to enforce the normal intellectual property rights."¹⁴⁵

The 1990 4th Circuit Court of Appeals decision in *Lasercomb America Inc. v. Reynolds* provides a good illustration of the doctrine's application.¹⁴⁶ The plaintiff, Lasercomb, developed and licensed software used to form steel dies for the paper industry. It licensed four copies of the software to Reynolds, who circumvented the protective devices and made an additional three unlicensed copies.

While there was no dispute that Reynolds had infringed copyright, it argued that Lasercomb was barred from recovery for the infringement because it included a clause in its software license that prevented the licensee from developing competing software for 100 years. The court agreed, ruling that "a misuse of copyright defense is inherent in the law of copyright just as misuse of patent defense is inherent in patent law."¹⁴⁷ In fact, the court's analysis indicated that copyright owners were prohibited from using their grant of a monopoly in a particular work to obtain a monopoly in a subject matter outside the rights associated with the copyright. This analysis, alongside similar decisions from the 9th Circuit Court of Appeals in *Practice Management Information Corp. v. American Medical Association*¹⁴⁸ and the 5th Circuit Court of Appeals in *Alcatel USA, Inc. v. DGI Technologies, Inc.*,¹⁴⁹ affirmed the doctrine of copyright misuse in US law and has led some experts to advocate for the application of copyright misuse to

143 See Neal Hartzog, "Gaining Momentum: A Review of Recent Developments Surrounding The Expansion of the Copyright Misuse Doctrine and Analysis of the Doctrine In Its Current Form" (2004) 10 Mich. Telecomm. Tech. L. Rev. 373, <www.mttl.org/volten/Hartzog.pdf>.

144 A search for 'copyright misuse' in LexisNexus and QuickLaw does not return any relevant results. Similarly, there is little discussion of copyright misuse in Canadian secondary sources.

145 James A.D. White, "Misuse or Fair Use: That is the Software Copyright Question" (1997) 12 Berkeley Tech L.J. 251, 265–66.

146 *Lasercomb America, Inc. v. Reynolds*, 911 F.2d 970 (4th Cir. 1990).

147 *Ibid.*

148 *Practice Management Information Corporation v. The American Medical Association*, 121 F.3d 516 (9th Cir. 1995).

149 *Alcatel USA, Inc. v. DGI Technologies, Inc.*, 166 F.3d 772 (5th Cir. 1999).

anti-circumvention as part of a development of a principle of anti-circumvention misuse.¹⁵⁰

There is scant jurisprudence supporting the proposition that something analogous to copyright misuse exists in Canada. It has been suggested that the Supreme Court implicitly recognized copyright misuse in the 1940 case of *Massie & Renwick Ltd. v. Underwriters' Survey Bureau Ltd.*¹⁵¹ The Supreme Court commented that a plaintiff would face a barrier in bringing a copyright infringement action if their title in the copyright was the result of a criminal conspiracy under the *Criminal Code* and the *Combines Investigation Act*. This idea, however, has not been put into practice in the sixty-five years following the decision. More recently, the Federal Court of Appeal stated that it had “serious doubts” that the anti-competitive actions of the plaintiff could provide a defence against copyright infringement.¹⁵²

In fact, while Canadian courts have yet to adopt the doctrine of copyright misuse, the principles are effectively found in section 32 of the *Competition Act*. If the Competition Bureau is precluded from applying the statute — either due to the inclusion of new para-copyrights in the *Copyright Act* or by virtue of the section 32(3) limitation on variants from international intellectual property treaties — there will be little to prevent owners of intellectual property right from using their legal monopoly to create additional monopolies or to engage in anti-competitive behaviour. Without a legal principle to mitigate against abuse, Canada would be open to the prospect for even greater abuse of anti-circumvention provisions than that found in the United States.

b) User Right to Circumvent for Lawful Purposes

Bill C-60 should be amended to include a positive user right to circumvent a technological measure for lawful purposes. This proposal is closely linked to Professor Kerr's proposal for a positive right to circumvent to protect personal privacy, yet would extend the principle to a positive right for any lawful purpose. Although the Bill currently links circumvention to copyright infringement, the language contained in the Bill does not rise

¹⁵⁰ Above note 13.

¹⁵¹ *Massie & Renwick v. Underwriters' Survey Bureau Ltd.* [1940] S.C.R. 218 [*Massie*], cited in Sunny Handa, “Reverse Engineering Computer Programs Under Canadian Copyright Law” (1995) 40 McGill L.J. 621 at 651.

¹⁵² *Bell Canada v. Intra Canada Telecommunications* (1982), 70 C.P.R. (2d) 252 (the Court allowed the claims to go forward, but there doesn't appear to be any subsequent litigation on the matter).

to the level of a user right as envisioned by the Canadian Supreme Court. That court recognized the need for copyright balance to achieve optimal innovation incentives in *Théberge*, as Justice Binnie spoke of the danger of over-compensating creators by establishing copyright protection that is too strong at the expense of the public interest. In the United States, there is no longer any pretense of a balance as courts openly acknowledge that their analysis of anti-circumvention legislation need not factor in fundamental copyright norms.

Granting users a positive right of circumvention would enable policy makers to obtain the benefits associated with TPMs (protection against large scale digital commercial piracy), while ensuring that individual users do not lose their basic user rights in the process. The *EUCD* has opened the door to such an approach, requiring member states to ensure that copyright exceptions are not lost in the rush to protect TPMs. Italy provides a good starting point for discussion as it implicitly distinguishes between personal copying and commercial infringement by including the right to make one copy for personal use notwithstanding a TPM, provided that the work is lawfully acquired and the single copy does not prejudice the interests of the rights holder.

Although the WIPO Internet Treaties represent the culmination of rights holder efforts to obtain legal protection for TPMs, the experience over the past decade suggests that consumers and the general public need protection from TPMs. This is particularly true for TPMs backed by anti-circumvention legislation, which has been consistently used to threaten individuals and businesses with litigation, segment markets, curtail innovation, and limit consumer choice. The creation of a user right to circumvent for lawful purposes would restore much needed balance to the legal rules associated with TPMs.

c) Clarification of Bill C-60 Service Provider Provision

Bill C-60's anti-circumvention service provider provision must be clarified to assure the software, security, and research communities that the provision will not be applied to technology or general service providers, but rather restricted solely to single instances of service provider circumvention with knowledge that the circumvention will result in an infringement. The current language suffers from significant uncertainty, which holds the potential to generate a chill in innovative research or product development.

E. CONCLUSION

The Competition Bureau has embraced the notion that intellectual property rights are pro-competitive for nearly two decades. That view is largely premised on copyright (and other forms of IP) as a balance to encourage innovation through economic rewards for creators and innovators, while guaranteeing access under appropriate circumstances to better distribute knowledge and contribute to future innovation. The anti-circumvention world of copyright marks a dramatic shift as it tilts the balance towards rights holders and, in doing so, risks turning the exercise of copyrights into anti-competitive behaviour.

The Canadian approach to anti-circumvention has the potential to serve as a model for many other countries around the world. The link to copyright infringement and the presumed exclusion of legislating against devices is a welcome change from a US approach that has repeatedly resulted in lawsuits and chilled innovation. While the Canadian bill is better than most, there remains room for improvement. The most urgent amendments include explicit protection for the Competition Bureau to act against abusive conduct arising from the exercise of a technological measure, the establishment of a positive user right to circumvent in appropriate circumstances, and clarification of the meaning and effect of Bill C-60's service provider provision.

Competition Commissioner Sheridan Scott's vision of the long-term impact of the Internet and technology is certainly accurate — the Internet does indeed have the potential to transform business and society. There is no guarantee that this will happen, however. If we fail to adopt pro-competitive policies that encourage innovation and competition, the Internet may devolve into a medium for the few, rather than the many. The challenge, indeed the obligation, is to identify a Canadian way that allows the country to comply with international standards while simultaneously prioritizing the national interest.

Rights Management Information

Mark Perry*

In the SAVOY :

Printed by *Henry Lintot*, Law-Printer to the King's most excellent Majesty; for D. BROWNE at the *Black Swan*; J. WORRALL at the *Dove*, both near *Temple-Bar*; and A. MILLAR at *Buchanan's Head* opposite *Catherine Street* in the *Strand*, 1757¹

A. RIGHTS MANAGEMENT INFORMATION IN BRIEF

The Rights Management Information (RMI) of a work² is simply data that provides identification of rights related to that work, either directly or indirectly.³ RMI in this sense is not a new concept. In the realm of distribution of creative works, it may be seen as the economic analogue to the right of attribution within moral rights jurisprudence, or even permissions on files

* Thanks to Michelle Alton and Ambrese Montague (UWO law class of 2007) for their research assistance, and the Law Foundation of Canada.

1 This "RMI" is from the front of Lord Chief Baron Gilbert's "A treatise of Tenures in Two Parts," 1757. As an aside, Lintot and Millar were well known publisher/booksellers in London at the time.

2 The term "work" is being used here to restrict this discussion to RMI in data that may be subject to copyright.

3 For example, "Mark Perry" indicates the authorship of this paper, which may lead to assumptions regarding moral rights or economic rights in the absence of other more detailed indications.

in Unix.⁴ Since the beginning of time, or at least since the beginning of the creation of artistic works, authors and owners of works have wished to be identified, and so have put their name with the title on the front cover, as well as the inside of the book. In recent centuries such identifications have typically been accompanied by information specifically related to the rights in the works, such as by the insertion of copyright notices, publishers' information, dates, disclaimers, permissions, ISBN, acknowledgements, and so forth, that are typically inserted on the verso of the title page inside the work in printed volumes. An early example can be seen above. In the last couple of decades, given the growth in the digital market in particular, the types of RMI accompanying works have shown increased variety, and some would even say that RMI only became meaningful in the digital era. This paper addresses some of the technologies that are being used to attach RMI to works, especially works distributed in a digital format. It also looks at the potential RMI-related treaty obligations, and examines suggested and implemented legal protection for these rights in Canada.

B. TECHNOLOGIES

RMI is one of the cornerstones of systems that regulate the rights held in digital works. From a technical perspective, it has much in common with watermarking and steganography, both of which provide information over and above that contained in the primary work. Steganography differs in that the information is generally hidden from all but the intended recipient, whereas watermarks are typically "obvious" in printed paper works, or reasonably easy (for the technically minded) to find in digital works. Such information can be embedded in all types of works, although the technology is yet to be perfected and may involve the introduction of undesirable artifacts upon reproduction in some cases.⁵ Under the Secure Digital Music Initiative (SDMI), a number of watermark technologies were being contemplated, and, despite the failure of SDMI, many watermarking technologies are in use today.⁶ For example, BlueSpike Inc. developed the

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- 4 Jonathan Weinberg, "Hardware-Based ID, Right Management, and Trusted Systems" uses the Unix example, in N. Elkin-Karen & N.W. Netanel, eds. *The Commodification of Information* (New York: Aspen Publishers, 1999) at 343–64.
 - 5 See Brian Dipert, "Security scheme doesn't hold water (marking)" (2000) 45:26 *EDN* 35 (21 December 2000).
 - 6 SDMI seemed promising with 200-plus companies and organizations participating to find the answer to the problems posed to music publishers by digital technologies, but environments such as Napster or Gnutella overtook the

Giovanni Watermarking system⁷ for use with music distribution. Watermarking goes some ways towards satisfying the need to identify, locate, sort, and collate works. It becomes possible to identify watermarked music products on a music-sharing server even if the songs have been given bogus titles and artist names to obfuscate their provenance. Apple iTunes includes *FairPlay* Digital Rights Management with songs that customers purchase and download.⁸ In addition to restricting the playing of such songs on authorized computers (up to five), RMI is also included in the file. With the iTunes application, the user can see various copyright and other information, such as the name of the work, album, singer, “(p)” owner (presumably the performer’s performance), that the song is a “protected AAC audiofile,”⁹ the size, bit and sample rates (of encoding), the account name and purchaser name of the file, and the encoding complexity. However, it is unclear to the user how much of this information is attached to the music file itself, what other information has been recorded, and how much is kept on the local computer. With a little investigation it can be seen that in addition to the information related to the work directly (i.e., such as titles, copyrights, etc.), also embedded is the name of the user and the user’s account identity. There may be other encrypted information. Sometimes it is difficult to see what is strictly RMI, relating to the work, and what is information on the user. It should be noted that FairPlay is not strictly a “copy protection scheme,” but rather more of a “distribution management scheme” since a user can make as many copies of the same work on an individual computer as he or she likes.¹⁰

initiative, as well as inherent weaknesses in the technology. The SDMI website <www.sdmi.org/> also notes “as of May 18, 2001 SDMI is on hiatus, and intends to re-assess technological advances at some later date.”

- 7 For a description of the technology used by BlueSpike Inc. in their Giovanni Digital Watermarking Suite see “Giovanni Digital Watermarking Suite,” online: BlueSpike <www.bluespike.com/giovanni.html>.
- 8 Apple’s iTunes has now an 82 percent market share, as of May 2005: Steve Jobs, Apple CEO keynote presentation video online at <www.apple.com/quicktime/qtv/mwsfo5/>, and also the report of the keynote at <www.macworld.com/news/2005/06/06/liveupdate/index.php>.
- 9 Advanced Audio Coding (AAC) coded was developed as part of the MPEG-4 specification. Details can be found at <www.m4if.org/mpeg4/>.
- 10 The other aspect of such schemes, beyond the scope of this paper, is that they typically rely on a user contract (the Terms of Service requiring acceptance before permission is granted to access and download from system) that specifically defines the terms of use of the service. There are also some fairly simple means of circumventing such protection schemes for the computer proficient,

C. ALTERING RMI

Whatever technologies are used to “fix” RMI into a work, there are always those who are going to attempt to engage in circumvention practices. For some electronic works, changing the file name or deleting the RMI is an effective evasion strategy. Unless a very sophisticated scheme of RMI locking is used, it will remain as easy to remove for the technically minded as it is to remove RMI from a printed book by ripping out its copyright notice. As fast as technological measures are developed, new means of circumvention arise, and there is a cycle of escalation in the types of technologies used — iTunes, concomitant with its popularity as a music source, has seen very rapid development on that front. With strong encryption techniques, this will not happen so fast. However, strong encryption has its own drawbacks. RMI information, whether for a music file or text, that has been encrypted with strong techniques will typically take more processing time to handle, thus requiring more powerful chips or greater allocation of resources for rapid access than weaker encrypted versions. In other words, there is a balance between security and performance. In addition, although these measures are often touted as being for the protection of publishers and artists from copyright infringement, in many cases they offer publishers much broader commercial opportunities, such as getting users to pay further for use of the material in a different format or for other “added-value” services.

D. WIPO TREATMENT AND JURISDICTIONAL IMPLEMENTATION

In December 1996 two new treaties were adopted under the management of the World Intellectual Protection Organization (WIPO): the *WIPO Copyright Treaty (WCT)* and the *WIPO Performances and Phonograms Treaty (WPPT)*. These were the first treaties to address intellectual property rights in the digital network environment. To date, fifty-three of the eighty signatories to the *WCT* have ratified, and some fifty-one have ratified the *WPPT*.¹¹ The majority of countries that have adopted these measures are

and software available online readymade for those that are not so proficient. For discussion of usage contracts see Stefan Bechtold, “Digital Rights Management in the United States and Europe” (2003) 52 *Am. J. Comp. L.* 323.

11 Including Albania whose ratification will come into effect August 2005, and Oman whose ratification will come into effect September 2005. With the accession of Gabon and Ukraine, the *WCT* received the requisite thirty instruments

developing countries or countries in transition. Only a small number of industrialized countries have ratified either of these treaties. For example, although the entire membership of the European Community has signed these agreements and members are expected to ratify them, no member has done this as yet.¹² Furthermore, Canada has been a signatory of the *WCT* and *WPPT* since 1997; it has only recently introduced legislation that will entrench *WCT* obligations into Canadian legislation.¹³ It can be argued that the *WCT*¹⁴ and *WPPT* only make small extensions to copyright¹⁵ as proscribed in the *Berne Convention*,¹⁶ which Canada implemented long ago,¹⁷

of ratification and came into force on March 6, 2002. The preceding information about the *WCT* and *WPPT* is current as of June 13, 2005 and can be updated through viewing the link at <www.wipo.int/treaties/en/ip/wct/index.html> and <www.wipo.int/treaties/en/ip/wppt/index.html>, respectively. It is notable that very few highly developed nations have ratified either of these treaties as of yet.

12 In March of 2000, the European Council adopted a Directive relating to the ratification of the *WCT*. See EC, Council Decision 00/278 of 16 March 2000 on the approval, on behalf the European Community, of the *WIPO Copyright Treaty*, and the *WIPO Performances and Phonograms Treaty*, [2000] O.J. L. 89/6.

13 Bill C-60, *An Act to amend the Copyright Act*, 1st Sess., 38th Parl. 2005.

14 According to Article 1(1) of the *WIPO Copyright Treaty*, 20 December 1996, online: <www.wipo.int/treaties/en/ip/wct/index.html> the *WCT* is “a special agreement within the meaning of Article 20 of the *Berne Convention*”; article 20 of the *Berne Convention*, *ibid.* at Article 20 provides that “[t]he Governments of the countries of the Union reserve the right to enter into special agreements among themselves, in so far as such agreements grant to authors more extensive rights than those granted by the Convention.”

15 The *WIPO Performances and Phonograms Treaty* [WPPT] was also adopted in Geneva on 20 December 1996, online: <www.wipo.int/treaties/en/ip/wppt>, but does not contain such a ‘special agreement’ clause as the *WIPO Copyright Treaty* above, but Article 1(2) provides that “[p]rotection granted under this Treaty shall leave intact and shall in no way affect the protection of copyright in literary and artistic works. Consequently, no provision of this Treaty may be interpreted as prejudicing such protection.”

16 *Berne Convention for the Protection of Literary and Artistic Works*, S. Treaty Doc. No. 99-27 (1986), 1161 U.N.T.S. 3. In 1998, Canada acceded to the 1971 version of the *Berne Convention for the Protection of Literary and Artistic Works*. The *Berne Convention* was first established in 1886 and has been revised and amended a number of times. The *Berne Convention* sets minimum standards of protection for authors of literary, dramatic, musical, and artistic works and defines the scope and duration of protection: See the World Intellectual Property Organization website: <www.wipo.int/treaties/en/ip/berne/trtdocs_wo001.html>.

17 See for example, S. Handa, “A Review of Canada’s International Copyright Obligations” (1997) 42 McGill L.J. 961 at 969, where it is noted that “[a]lthough Canada did not become a signatory to the *Berne Convention* in its own right until 10 April 1928, the *Berne Convention* did apply to Canada as a colony of

and *TRIPS*.¹⁸ In other words, Canada is already complying with much of the *WCT* and *WPPT*. However, the *WCT* does impose some significant new obligations and extensions to the law of copyright, most notably in connection with distribution rights, rights-management information, and technological measures employed to control the use of copyrighted works.¹⁹

Following the ratification and the entry into force of the *WCT*, a number of jurisdictions have brought in implementing legislation, including specific protection of RMI, since the *WCT* defined RMI and the obligations of contracting parties in Article 12:²⁰

Article 12 — Obligations concerning Rights Management Information

(1) Contracting Parties shall provide adequate and effective legal remedies against any person knowingly performing any of the following acts knowing, or with respect to civil remedies having reasonable grounds to know, that it will induce, enable, facilitate or conceal an infringement of any right covered by this Treaty or the Berne Convention:

- (i) to remove or alter any electronic rights management information without authority;
- (ii) to distribute, import for distribution, broadcast or communicate to the public, without authority, works or copies of works knowing that electronic rights management information has been removed or altered without authority.

(2) As used in this Article, “rights management information” means information which identifies the work, the author of the work, the owner of any right in the work, or information about the terms and

Britain, one of the original signatories.” Canada officially ratified the *Berne Convention* with passage of the 1931 amendments to the *Copyright Act*: see *An Act to Amend the Copyright Act*, S.C. 1931, c. 8.

18 *Agreement on Trade-Related Aspects of Intellectual Property Rights*, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C 1869 U.N.T.S. 299 that Canada implemented by the *World Trade Organization Implementation Act*, S.C. 1994, c.47.

19 See Articles 6 (Distribution Rights), 11 (Technological Measures), & 12 (Rights Management Information) respectively, from the *WIPO Copyright Treaty*, online: <www.wipo.int/treaties/en/ip/wct/trtdocs_woo33.html>.

20 *WIPO Copyright Treaty* at Article 12, online: <www.wipo.int/treaties/en/ip/wct/trtdocs_woo33.html#P89_12682>.

conditions of use of the work, and any numbers or codes that represent such information, when any of these items of information is attached to a copy of a work or appears in connection with the communication of a work to the public.

The article carries a footnote:²¹

Agreed statements concerning Article 12: It is understood that the reference to “infringement of any right covered by this Treaty or the Berne Convention” includes both exclusive rights and rights of remuneration.

It is further understood that Contracting Parties will not rely on this Article to devise or implement rights management systems that would have the effect of imposing formalities which are not permitted under the Berne Convention or this Treaty, prohibiting the free movement of goods or impeding the enjoyment of rights under this Treaty.

Article 19 of the *WPPT* is essentially identical and applies to information that identifies “the performer, the performance of the performer, the producer of the phonogram, the phonogram, the owner of any right in the performance or phonogram, or information about the terms and conditions of use of the performance or phonogram.”²² The first notable feature of these Articles in the *WCT* and *WPPT* is the knowledge requirement, or “reasonable grounds to know” for civil suits, that the removal of the RMI will be for infringement. The second point is that the treaty definitions do not restrict RMI to electronic information, though the infringement parts of the articles are aimed at electronic RMI. The implementation of RMI protection in various jurisdictions has been varied, and a brief survey is warranted in light of the Canadian proposals discussed later.

E. WHAT HAVE OTHER NATIONS DONE?

Even amongst those countries that have ratified the *WCT* or intend to shortly, there are significant variations in the approaches to RMI protection provided by “traditional” copyright regimes. A brief examination of the legislation of New Zealand, Japan, and the United States highlights

21 *WIPO Copyright Treaty* at Article 12, online: <www.wipo.int/treaties/en/ip/wct/trtdocs_wo033.html#P94_13842>.

22 *WIPO Copyright Treaty* at Article 19, online: <www.wipo.int/treaties/en/ip/wct/trtdocssou_wo033.html#P122_18229>.

some of the diversity, but further discussion is outside of the scope of this overview.²³

New Zealand is not a signatory to the *WCT*, but the New Zealand *Copyright Act* has a specific anti-circumvention section that addresses protection of a copyright work issued in an electronic form, although this protection is limited to a person that:²⁴

- (a) Makes, imports, sells, lets for hire, offers or exposes for sale or hire, or advertises for sale or hire, any device or means specifically designed or adapted to circumvent the form of copy-protection employed; or
- (b) Publishes information intended to enable or assist persons to circumvent that form of copy-protection,

knowing or having reason to believe that the devices, means, or information will be used to make infringing copies.

The Act is silent as to RMI, although the Ministry of Economic Development Position Paper suggests that there may be a movement to bring the Act more in line with the *WCT* and *WPPT*, as the need of New Zealand dictates.²⁵ If such legislation is brought in, it will likely follow the anti-circumvention sections and be restricted to electronic works.

Japan was an early adopter of the attempt to address digital issues, and ratified the *WCT* before the treaty came into force; thus it became bound by the treaties on 6 March 2002, along with the other nations that had ratified by that time. The Japanese definition of RMI generally follows the *WIPO Treaties*, however, there exists some specificity that is not found in other international agreements. For example, Article 2 of the Japanese *Copyright Law* provides:²⁶

23 A WIPO review of the US, EU, and Australia can be found in WIPO's Standing Committee on Copyright and Related Rights, Tenth Session, Geneva, November 3–5, 2003, Current Developments in the Field of Digital Rights Management, online: <<http://wipo.int/>>.

24 Section 226, *Copyright Act 1994*, "Devices designed to circumvent copy-protection" online: <www.legislation.govt.nz>.

25 Ministry of Economic Development Position Paper December 2002 *Digital Technology and the Copyright Act 1994* online: <www.med.govt.nz/buslnt/int_prop/digital/position/index.html>.

26 *Copyright Law of Japan, as Amended* (9 June 2004) at Article 2, from the Copyright Research and Information Center (CRIC) website, December, 2004. Translated by Yukifusa OYAMA *et al.* online: <www.cric.or.jp/cric_e/clj/clj.html>.

(xxi) “rights management information” means information concerning moral rights or copyright mentioned in Article 17, paragraph (1) or rights mentioned in Article 89, paragraphs (1) to (4) (hereinafter in this item referred to as “copyright, etc.”) which falls within any of the following (a), (b) and (c) and which is recorded in a memory or transmitted by electromagnetic means together with works, performances, phonograms, or sounds or images of broadcasts or wire diffusions, excluding such information as not used for knowing how works, etc. are exploited, for conducting business relating to the authorization to exploit works, etc. and for other management of copyright, etc. by computer:

- (a) information which specifies works, etc., owners of copyright, etc. and other matters specified by Cabinet Order;
- (b) information relating to manners and conditions of the exploitation in case where the exploitation of works, etc. is authorized;
- (c) information which enables to specify matters mentioned in (a) or (b) above in comparison with other information.

The Japanese definition of RMI restricts it to electronic versions. The intentional alteration or removal of RMI, or distribution of copies of works knowing there has been unlawful addition or removal of RMI, is deemed by Article 113²⁷ to be an infringement of “moral rights of authors, copyright, moral rights of performers or neighboring rights relating to rights management information.” Excepting private use, Article 119²⁸ makes such actions punishable by imprisonment for up to five years or fines up to five million yen.²⁹

The European Union (EU) adopted a Directive on “the harmonization of certain aspects of copyright and related rights in the information society.”³⁰ In addition to EU-wide harmonization, the Directive was aimed at

27 *Copyright Law of Japan, as Amended* (9 June 2004) at Article 113, from the Copyright Research and Information Center (CRIC) website, December 2004. Translated by Yukifusa OYAMA *et al.* online: <www.cric.or.jp/cric_e/clj/clj.html>.

28 *Copyright Law of Japan, as Amended* (9 June 2004) at Article 119, from the Copyright Research and Information Center (CRIC) website, December 2004. Translated by Yukifusa OYAMA *et al.* online: <www.cric.or.jp/cric_e/clj/clj.html>.

29 Around CAN\$58,000.

30 *Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001*, online at <http://europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=EN&numdoc=32001L0029&model=guichett>.

gaining compliance with the terms of the *WCT* and *WPPT*.³¹ The Directive addresses RMI in Article 7:

Obligations concerning rights-management information

1. Member States shall provide for adequate legal protection against any person knowingly performing without authority any of the following acts:
 - (a) the removal or alteration of any electronic rights-management information;
 - (b) the distribution, importation for distribution, broadcasting, communication or making available to the public of works or other subject-matter protected under this Directive or under Chapter III of Directive 96/9/EC from which electronic rights-management information has been removed or altered without authority,
 if such person knows, or has reasonable grounds to know, that by so doing he is inducing, enabling, facilitating or concealing an infringement of any copyright or any rights related to copyright as provided by law, or of the *sui generis* right provided for in Chapter III of Directive 96/9/EC.
2. For the purposes of this Directive, the expression “rights-management information” means any information provided by right holders which identifies the work or other subject-matter referred to in this Directive or covered by the *sui generis* right provided for in Chapter III of Directive 96/9/EC, the author or any other right holder, or information about the terms and conditions of use of the work or other subject-matter, and any numbers or codes that represent such information.

The first subparagraph shall apply when any of these items of information is associated with a copy of, or appears in connection with the communication to the public of, a work or other subject matter referred to in this Directive or covered by the *sui generis* right provided for in Chapter III of Directive 96/9/EC

The adoption of this Directive meant that Member States agreed to implement it before 22 December 2002, but only Greece and Denmark met that deadline. There are still some EU Member states that are not in com-

³¹ *Ibid.*, at preamble (15).

pliance.³² The definition of RMI in the Directive is not limited to electronic RMI.

The common measuring stick for the implementation of *WCT* and *WPPT* provisions can be found in the United States where the early adoption of the *Digital Millennium Copyright Act (DMCA)* and case law shows both the potential and the pitfalls of such legislation. The *DMCA* contains provisions regulating RMI that it refers to as Copyright Management Information (CMI). The definition of CMI combines the definitions of RMI in the *WCT* and *WPPT*:³³

DEFINITION — As used in this section, the term “copyright management information” means any of the following information conveyed in connection with copies or phonorecords of a work or performances or displays of a work, including in digital form, except that such term does not include any personally identifying information about a user of a work or of a copy, phonorecord, performance, or display of a work:

The *DMCA* has two levels of knowledge requirements in this regard. Section 1203 makes it illegal (criminally actionable) to knowingly remove or distribute works that are known to have had their CMI removed, “knowing, or, with respect to civil remedies under section 1203, having reasonable grounds to know, that it will induce, enable, facilitate, or conceal an infringement of any right under this title.”³⁴ Thus, only those who have knowledge of the tampering with the CMI and also that the alteration is for infringing purposes, are liable. However, the alteration of a CMI to facilitate a prohibited circumvention would clearly satisfy this requirement. There is also a prohibition on the provision of false CMI for infringement purposes. There are a few particularly interesting facets of section 1203. The section specifically excludes user information in the definition; thus, the alteration of the user information that is included in the AAC encod-

32 In a recent press release of 21 March 2005 (IP/05347) it is noted “The European Court has already ruled against Belgium, Finland, Sweden and the UK — for the territory of Gibraltar — for their failure to implement the Directive. The Commission has now decided to start infringement proceedings against Belgium, Finland and Sweden for non-compliance with the Court’s rulings.” At <<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/05/347&type=HTML&aged=0&language=EN&guiLanguage=en>>.

33 *Digital Millennium Copyright Act (DMCA)*, Pub. L. No. 105-304, § 1202 (c), 112 Stat. 2860 (1998).

34 *Ibid.*

ing information in iTunes downloaded files would not be protected by this section. Superficially this may seem surprising, but given the way that the technology now typically binds the RMI (CMI in US parlance) with other Digital Rights Management (DRM) encoding, it could be argued that the user information so bound with DRM is covered under the other anti-circumvention provisions of the *DMCA*. For example, software that is tied to use on a particular computer or set of computers would probably include user information in its security paradigm (or at least machine information). The types of RMI in the definition of CMI includes the usual suspects: title of work, name of author, copyright owner, other identifying information, conditions for use, identifying symbols, and, with the exception of public performance by radio and television stations, the identification of performer, writer director, performer's performance. Section 1202 also includes a number of exceptions for broadcast and cable transmissions and for adoption of standards in the broadcast and cable realm. Section 1204 of the *DMCA* sets the criminal offences and penalties, as well as the civil remedies, which are the same as those for circumvention provisions of section 1201.³⁵ The *DMCA* definition of RMI is not restricted to electronic versions.

The Secure Digital Music Initiative (SDMI) did raise an RMI fact situation. It was suggested by a group of computer scientists that one of the watermarking technologies being considered in that project had some weaknesses. In September 2000, the SDMI called on members of the public to attempt to crack several security technologies that SDMI was contemplating for use with the digital distribution of music. Contestants needed to click through a series of screens and "I Agree" buttons in order to take part in the contest in which SDMI offered a reward of up to \$10,000 for each successful attack. However, in order to collect the money the contestants needed to enter into a separate agreement assigning all intellectual property rights in the effort to SDMI and promising not to disclose any details of the attack. A group of researchers was successful in attacking one of the technologies, but subsequently refused to accept the \$10,000 as they wished to present their efforts in a scientific paper. After being warned by the SDMI, they decided not to present the paper and instead commenced an action against the constitutionality of the *DMCA*.³⁶ This case illustrates one of the problems common to all areas of anti-circumvention legisla-

35 17 U.S.C. §1201(a)(1)(B)–(E).

36 "Computer Scientists Challenge Constitutionality of *DMCA*" (2001) 7 No.24 *Andrews Intell. Prop. Litig. Rep.* 5 referring to *Felten et al. v. Recording Industry*

tion, namely the dampening effect on research into the area. Although the work described here was directed at developing a means of circumventing an RMI technology, other less targeted research could also fall foul of this “catch-all” legislation.³⁷

F. THE CANADIAN APPROACH

In the Copyright Reform Statement there is the suggestion that a simple following of the *WCT* and *WPPT* articles is sufficient to achieve the desired effect:³⁸

In conformity with the *WCT* and *WPPT*, the alteration or removal of rights management information (RMI) embedded in copyright material, when done to further or conceal infringement, would itself constitute an infringement of copyright. Copyright would also be infringed by persons who, for infringing purposes, enable or facilitate alteration or removal or who, without authorization, distribute copyright material from which RMI has been altered or removed.

However, a simple codification of the minimal requirements of the Treaties, given the developments in the digital market, is unsatisfactory, although this is the approach that the Canadian government took on June 20, 2005 when the Canadian federal government introduced Bill C-60. This Bill has been brought in with the explicit purpose of amending the *Copyright Act* to make it compliant with the *WCT* and *WPPT*, including prohibitions on the circumvention of technological protection measures and on tampering with RMI. Despite the conformity of the section with the Treaties, it is clear that small variations in the wording of such legislation can also give very different effects to the market. The Bill amends the *Copyright Act* by adding the following section:³⁹

Association of America Inc. et al. No.3:01 cv 02669. Although this challenge failed, Felten and other researchers in this project were not pursued under the *DMCA*.

37 For example, downloading and testing software that removes user identities from RMI, or even using simple tools to uncover the content of RMI information as used for this paper, could fall foul of a broadly-drafted section.

38 Government Statement on Proposals for Copyright Reform (24 March 2005) <www.pch.gc.ca/progs/ac-ca/progs/pda-cpb/reform/statement_e.cfm>. The Bill to amend the Copyright Act was introduced the week of 20 June 2005.

39 Section 27, Copyright Reform Bill C-60 <www.parl.gc.ca/PDF/38/1/parlbus/chambus/house/bills/government/C-60_1.PDF>.

34.01 (1) The owner of copyright in a work, a performer's performance fixed in a sound recording or a sound recording is, subject to this Act, entitled to all remedies by way of injunction, damages, accounts, delivery up and otherwise that are or may be conferred by law for the infringement of a right against a person who, without the consent of the copyright owner, knowingly removes or alters any rights management information in electronic form that is attached to or embodied in any material form of the work, the performer's performance or the sound recording or appears in connection with its communication to the public by telecommunication and knows, or ought to know, that the removal or alteration will facilitate or conceal any infringement of the owner's copyright.

The Bill also modifies section 2 by adding, amongst others, the Canadian version of the RMI definition:⁴⁰

"rights management information" means information that

- (a) is attached to or embodied in a material form of a work, a performer's performance fixed in a sound recording or a sound recording, or appears in connection with its communication to the public by telecommunication, and
- (b) identifies or permits the identification of the work or its author, the performance or its performer, the sound recording or its maker or any of them, or concerns the terms or conditions of its use.

The Canadian approach, thus far, is closely tied to the terms in the treaties, and does not limit the definition of RMI to the digital environment, but it does restrict the infringement section.

G. IS THERE A BETTER WAY?

By combining access, copying, and RMI technologies into a complete DRM environment, a content provider is able to exercise much greater control over the ways in which content can be used by consumers. Such control measures range from limiting access to particular start and end dates, the number of times a product can be used, whether it can be copied, and/or what type of device on which a file can be played or transferred. RMI in itself, however, is fairly innocuous as in its naïve form it merely states what every consumer may like to know (i.e., the provenance of the work,

40 *Ibid.* s. 1(2).

what can be done with the work, and when the work may be freely reproduced). Problems for the user of a work can arise when RMI is melded with user information, individual user agreements, contains information that is not available to the user, is used as a quasi-secret tracking device of user behaviour, or is inseparable from the total DRM system. RMI in digital works offers users a possible benefit that is often overlooked: namely, that the content of the work can be discriminated at a level of granularity unseen in physical works or analogue recordings.

The *WCT* and *WPPT*, although determined to address new technologies, are arguably already technologically outdated.⁴¹ Rather than continue to pursue piecemeal and fragmented regulatory solutions, a new, more comprehensive approach to the control of distribution of digital works could be formulated. There is an opportunity for Canada to be ahead of the curve here, and legislation concerning RMI provides a unique opportunity to benefit all parties from end to end in the digital content stream. The following features introduced in legislation would provide benefits to all:

- **Transparent:** All RMI attached or embedded in a work should be fully readable by all users
- **Complete:** RMI should identify limits on the rights claimed; for example, parts of works that are not protected by copyright should be clear (e.g., parts in the public domain)
- **Private:** User information collected by suppliers of content should be identified, limited, and protected
- **Fresh:** The information should be current.

This may seem like a heavy transaction burden to place on the suppliers of content; however, typically users of RMI already go some ways to satisfy these requirements and this trend has been noted in the earlier Canadian study.⁴²

At the same time, the departments ask whether the integrity of certain information ought to be protected, given that, over time, the information may cease to be accurate. Some commentators have noted that certain in-

41 For example, the ability to 'trace' documents over the Internet was not feasible at the time the treaties were developed. Digimarc's 'Mywatermarc' technology allows a rights holder to "Track your covertly watermarked photos on millions of pages across the public Internet": <<http://digimarc.com/>>.

42 Consultation Paper on Digital Copyright Issues, 22 June 2001. Issued by Intellectual Property Policy Directorate Industry Canada Copyright Policy Branch Canadian Heritage, online: <[http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/vwapj/digital.pdf/\\$FILE/digital.pdf](http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/vwapj/digital.pdf/$FILE/digital.pdf)>.

formation currently included as “rights management information” in accordance with the definitions provided in the *WCT* and *WPPT* may change often during the lifetime of the copyright. In particular, the rights owner may often change, though the author will not, or in the case of a particular sound recording, the performer will not. Similarly, terms and conditions may not only change, but have uncertain legal validity in Canada. This may cause confusion among users and detract from a rights management regime rather than promote it.

There is always the potential danger of confusing consumers by giving them information, but this is hardly an argument for keeping them in the dark. A framework can be developed, with the appropriate resources and timeframe, that will support informed digital work use in a fair market environment. The benefits to content publishers of RMI usage, particularly in a digital environment that uses sophisticated DRM, is clear, and the evolving business models depend on them. However, this cannot be a one-sided advancement into a digital era with all the benefits accruing to business; instead, balance must be brought to all sides of the digital market. All stakeholders in creative works — creator, copyright holders, and users — should be given the protection of transparency, completeness, privacy, and freshness that must underpin all RMI-related policy initiatives. The Canadian initiative fails to address these issues. It has merely adopted a minimal compliance with the *WCT* and *WPPT*, an inadequate solution to the problems facing creators and users in the digital arena.

Making Available:

Existential Inquiries

David Fewer

A. INTRODUCTION

On 10 February 2004, the major foreign music labels filed a lawsuit in the Federal Court of Canada against twenty-nine unnamed and unidentified individuals.¹ The labels, referring to themselves as CRIA — the Canadian Recording Industry Association — claimed the John and Jane Does had “uploaded” numerous tunes over the Internet using peer-to-peer technologies, and in so doing infringed the labels’ copyrights in those recordings. Along with the statement of claim, CRIA filed an application requesting non-party Internet Service Providers (“ISPs”) to disclose the identities of customers corresponding to the 29 Does. The Federal Court heard the application on 12 and 15 March 2004, and delivered its decision on 31 March 2004.²

The Court refused to order the ISPs to turn over the identities of its customers on the basis of CRIA’s allegation of file-sharing. The Federal Court Judge hearing the case, Justice Konrad von Finckenstein, concluded that CRIA’s evidence was incomplete on key points, imprecise on others, and was, in any event, largely inadmissible. However, Justice von Finckenstein

1 *BMG Canada Inc. et al. v. John Doe*, F. C. Docket No. T-292-04.

2 *BMG Canada Inc. v. John Doe* (F.C.), 2004 FC 488, <www.canlii.org/ca/cas/fct/2004/2004fc488.html>, [2004] 3 F.C.R. 241, (2004), 32 C.P.R. (4th) 64 [BMG cited to FC].

went beyond the evidence to consider the procedural aspects of the application. Holding that CRIA needed to establish a *prima facie* case of copyright infringement to succeed, Justice von Finckenstein successively demolished each element of CRIA's claim. A reproduction? Downloading a song for personal use is not an infringement.³ Authorizing infringing reproductions? Placing a personal copy of a sound recording in a shared directory does not amount to authorization.⁴ A distribution in violation of section 27(2)(b)? No evidence, and, regardless, placing files in a shared directory does not amount to distribution.⁵ Secondary infringement? No evidence of knowledge on the part of the Does.⁶ At the heart of CRIA's claim, the Judge concluded, lay a complaint of a different sort: peer-to-peer uploaders make songs available to members of the public. The WIPO Internet Treaties⁷ provided for a "making available" right; however, Canada had yet to incorporate the Treaties' substantive requirements into Canadian law. In the absence of a making available right, the Judge reasoned, CRIA had no case.⁸

A year later, a cautious Court of Appeal affirmed the Federal Court decision, taking CRIA to task for the quality of its evidence, and articulating a test for disclosure of ISP customer identities that contained appropriate privacy safeguards.⁹ However, in so doing, the Court of Appeal also reworked the test for disclosure, setting aside the *prima facie* case requirement in favour of a lower *bona fide* intention to bring a claim.¹⁰ Consideration of the merits of the copyright infringement claim would have to await trial. The Court of Appeal faulted the lower court for its hurried account of the copyright issues; however, the Court of Appeal offered its own speedy overview of those issues in order to highlight considerations that the lower court had not necessarily worked into its reasoning, and to address recent case law that potentially complicated the copyright analysis.

The Court of Appeal defused the making available bomb over the short term, but bluntly refused to address the issue smoldering under the surface of the Federal Court's 2004 decision: is peer-to-peer music file-sharing

3 *Ibid.* at para. 25, citing *Copyright Board's Private Copying 2003–2004 Decision*, 12 December 2003, at 20.

4 *Ibid.* at para. 27.

5 *Ibid.* at paras. 26 & 28.

6 *Ibid.* at para. 29.

7 See notes 13 & 14, below.

8 *BMG*, above note 2 at para. 28.

9 *BMG Canada Inc. v. John Doe*, 2005 FCA 193, <www.fca-caf.gc.ca/bulletins/whatsnew/A-203-04.pdf>, [2005] F.C.J. No. 858.

10 *Ibid.* at paras. 32–34.

legal in Canada?¹¹ And to the extent that music file-sharing may be further broken down into “uploading” and “downloading,” are those activities legal? Those are the \$100 million dollar questions,¹² and the Federal Court of Appeal left them unanswered — indeed, unaddressed.

Enter the federal government’s copyright proposals of 24 March 2005.

B. THE GOVERNMENT PROPOSAL

On March 24, 2005, the federal government proposed to revise the *Copyright Act* to implement Canada’s obligations under a pair of international treaties, the World Intellectual Property Organization (“WIPO”) *Copyright Treaty*¹³ and the *WIPO Performances and Phonograms Treaty*,¹⁴ collectively referred to as the WIPO Internet Treaties. The WIPO Internet Treaties represent the fruit of a Diplomatic Conference at Geneva in the waning days of 1996.¹⁵ The Conference was convened in order to address “minimum standards” of protection across a number of areas of intellectual property, including neighbouring rights, database rights, and copyright issues. The problem of “on-demand” services number among the many issues addressed in the WIPO Internet Treaties: how should nations address rights holder interests in controlling rights of access to and use of content offered and delivered over digital networks at a time and in a manner chosen by the user?

The solution proposed by the WIPO Internet Treaties is the “making available” right. The *WIPO Copyright Treaty* provides in Article 8 that:

authors of literary and artistic works shall enjoy the exclusive right of authorizing any communication to the public of their works, by wire or wireless means, including the making available to the public of

11 *Ibid.* at paras. 34 & 46–54.

12 The Canadian Private Copying Collective has earned its members approximately \$100 million since 1999 under a levy administered pursuant to Part VIII of the *Copyright Act*: Canadian Private Copying Collective, *Financial Highlights* (available at <<http://cpcc.ca/english/finHighlights.htm>>) (figure attained by calculating total declared receipts between 1999 and 2002 and very conservatively adding less than 50 percent of the 2003 revenues collected to account for revenues from January 2004 to the present).

13 *WIPO Copyright Treaty*, 20 December 1996, (entered into force 6 March 2002), online: WIPO <www.wipo.int/treaties/en/ip/wct/trtdocs_wo033.html> [WCT].

14 *WIPO Performances and Phonograms Treaty*, 20 December 1996, (entered into force 20 May 2002), online: WIPO <www.wipo.int/treaties/en/ip/wppt/trtdocs_wo034.html> [WPPT].

15 World Intellectual Property Organization, “The WIPO Internet Treaties,” <www.wipo.int/freepublications/en/ecommerce/450/wipo_pub_l450in.pdf>.

their works in such a way that members of the public may access these works from a place and at a time individually chosen by them.¹⁶

The *WIPO Performances and Phonograms Treaty* provides for similar rights in respect of performances (Article 10) and phonograms (Article 14), with a small difference: neither performers' nor sound recording makers making available rights specifically mention a general right of communication to the public.¹⁷

The Canadian government is a signatory to these two treaties. Should it decide to ratify the Treaties, it is obliged to implement the rights and obligations the Treaties impose; however, the government faces a number of options in how it chooses to do so. What would be captured by this right? How would the right interact with existing rights of different classes of rights holders?

The government's March 2004, proposal to implement the WIPO Internet Treaties involved amending the *Copyright Act* to (a) "clarify" that authors' existing exclusive communication right includes "control over the making available of their material on the Internet," but to (b) create a new identical right for sound recording makers and performers.¹⁸ Sound recording makers and performers already have a communication right under the Act, but it is a right to remuneration, not an exclusive right.¹⁹ The proposal accordingly raised as many questions as it answered. Why treat authors differently than sound recording makers and performers? Would the right to remuneration change as a result of this proposal? What is the doctrinal basis for the making available right in Canada?

The government was true to its word. Bill C-60, *An Act to Amend the Copyright Act*,²⁰ contains two provisions relevant to the making available right, as well as a few surprises. First, clause 2 of Bill C-60 would insert a new paragraph 2.4(1)(a), providing that:

a person who makes a work or other subject-matter available to the public in a way that allows members of the public to access it through

16 WCT, above note 13.

17 WPPT, above note 14.

18 Government of Canada, Backgrounder, <www.ic.gc.ca/cmbwelcomeic.nsf/261ce500dfcd7259852564820068dc6d/85256a5d006b972085256fcd0078718c!OpenDocument>.

19 *Copyright Act*, R.S.C. 1985 c. C-42, <<http://laws.justice.gc.ca/en/C-42/>>, ss. 19(1).

20 Bill C-60, *An Act to Amend the Copyright Act*, 1st Sess., 38th Parl., 2005, <www.parl.gc.ca/PDF/38/1/parlbus/chambus/house/bills/government/C-60_1.PDF> [Bill C-60].

telecommunication from a place and at a time individually chosen by them communicates it to the public by telecommunication.²¹

Bill C-60 provides for similar rights in respect of performers' performances and sound recordings. Sub-section 8(1) of Bill C-60 provides that a new paragraph 15(1.1)(e) shall give performers the sole right:

to make a sound recording of [a performance] available to the public in a way that allows members of the public to access it through telecommunication from a place and at a time individually chosen by them.²²

Section 10 of Bill C-60 provides a similar right to sound recording makers in a new paragraph 18(1.1)(b).²³ All the making available rights thus created include the exclusive right to authorize any such making available.

On a related point, Bill C-60 also creates for rights holders a general right of first distribution, and a right to authorize such distribution. The Bill provides that "copyright ... includes the sole right:

(j) in respect of a tangible, material form of the work the ownership of which has never previously been transferred, to sell it or otherwise transfer ownership of it for the first time.²⁴

The making available right has been hailed as the content industry's legal answer to the phenomenon of file-sharing.²⁵ In an announcement at this year's Juno Awards ceremony at Winnipeg, the Minister of Canadian Heritage, Liza Frulla, characterized the proposal as "addressing the peer-to-peer issue. It will give the tools to companies and authors to sue."²⁶ In a "Frequently Asked Questions" released by the Department of Canadian Heritage along with the Bill, Canadian Heritage states that:

21 *Ibid.*, s. 2.

22 *Ibid.*, ss. 8(1).

23 *Ibid.*, s. 10.

24 *Ibid.*, s. 3.

25 The Heritage FAQ states that "This will clarify that the unauthorized posting or the peer-to-peer file-sharing of material on the Internet will constitute an infringement of copyright." Canadian Heritage, Copyright Policy Branch FAQ, online: <www.canadianheritage.gc.ca/progs/ac-ca/progs/pda-cpb/reform/faq_e.cfm> [Heritage FAQ].

26 "Heritage minister pledges anti-downloading law" *Toronto Star* (4 April 2005), online: *Toronto Star* <www.thestar.com/NASApp/cs/ContentServer?pagename=thestar/Layout/Article_Type1&c=Article&cid=1112612464877>.

The bill will provide creators and other rights holders with additional tools to seek legal recourse against individuals engaged in peer-to-peer file-sharing or unauthorized posting of copyright material. Specifically, rights holders will have the right to control the making available of their copyright material on the Internet. It will also be made clear that private copies of sound recordings cannot be uploaded or further distributed.²⁷

The link between the making available right and peer-to-peer sharing of music is so strong that the Bill proposes to create a new series of infringements in respect of downstream uses of copies made pursuant to the private copying provisions of subsection 80(1), which include making it an “infringement to communicate [a private copy] by telecommunication to the public or to one or more persons in particular.”²⁸

Despite this full court press, no one on Parliament Hill suggests that the making available right will put a halt to Canadians’ use of peer-to-peer networks. The Canadian Heritage FAQs caution “[that] file-sharing has remained a challenge in other countries that have implemented the WIPO Treaties obligations in this respect.”²⁹ Moreover, downloading music remains firmly subject to the Act’s private copying provisions.³⁰

At this point, we have the answer to at least one of our questions. What is the nature of the making available right? Where the March 24 announcement was vague, Bill C-60 is precise: for each of authors, performers, and sound recording makers, the making available right is an aspect of the

27 Heritage FAQ, above note 25.

28 Bill C-60, above note 20, s. 15.

29 Heritage FAQ, above note 25.

30 In the author’s view, a download to a computer hard drive is a download to an audio recording medium. It is indisputable that hard drives are “ordinarily used” by consumers to record music sound recordings. It has been argued that the Federal Court of Appeal’s decision in *Private Copying 3* [*Private Copying 2003-2004, Tariff of Levies to be Collected by CPCC (Re)* (2003), 28 C.P.R. (4th) 417, <www.cb-cda.gc.ca/decisions/c12122003-b.pdf>], that personal audio devices such as iPods are devices rather than media for the purposes of the Act, suggests that hard drives are also devices (as they are a functional element of computers); the author suggests that the better view is that hard drives are media, not devices. This accords with the commodity-like nature of hard drives, is consistent with consumer uses and dealings with hard drives, and fulfills the purpose of the private copying provision — which is, after all, to compensate rights holders for private copying of music.

communication right.³¹ The logical corollary is that if the making available right is an aspect of the communication right, it is *not* a distribution or public performance.

This view is clouded somewhat by section 11 of Bill C-60, which replaces the existing subsection 19(1) of the Act with the following:

If a sound recording has been published, the performer and maker are entitled, subject to section 20, to be paid equitable remuneration for its performance in public or its communication to the public by telecommunication, *except for any making available referred to in paragraph 15(1)(e) or 18(1.1)(b)*.³²

One might interpret this clause two ways: (1) rights holders lack a right to remuneration for communications to the public via on-demand services, or (2) rights holders lack a right to remuneration for either communications to the public or performances where the rights holder utilizes an on-demand service. This in turn leads to a more general inquiry: how does the Act treat dealings with works and other subject matter which may touch upon a number of exclusive and remunerative rights of rights holders? A single dealing by a consumer may touch upon many different rights under the Act, and on the rights of multiple rights holders.

What does the government intend for the application of the making available right? At bottom, this is a question of statutory interpretation. Where the meaning of the text of the statute is not clear, one may turn to international statutes for interpretational guidance.³³ Accordingly, to sort out this confusion, we turn to the source: how did the WIPO Internet Treaties characterize these rights? Surprisingly, the Treaties offer less assistance than one might expect.

31 Bill C-60, above note 20, s. 2 (“a person who makes a work or other subject-matter available to the public in a way that allows members of the public to access it through telecommunication from a place and at a time individually chosen by them communicates it to the public by telecommunication”).

32 *Ibid.*, s. 11 [emphasis added].

33 *WCT*, above note 13, and *WPPT*, above note 14.

C. THE WIPO WORLD VIEW

The foundations of the WIPO Internet Treaties lie in the *Berne*³⁴ and *Rome Conventions*,³⁵ the international treaties governing global minimum rights for authors and neighbouring rights holders, respectively. It turns out that those foundations are somewhat porous; in fact, their short-comings created much of the impetus for the development of the making available right.

Signatories to the Conventions perceived gaps in the Conventions' coverage. These gaps resulted largely from historical accident and from the Conventions' habits of assigning rights according to subject matter and technology. For example, the *Berne Convention* treats literary works in Article 11, dramatic and musical works in Article 11*ter*, and cinematographic works in Article 14. For each, the Convention distinguishes between the modes of communication: broadcasting is not rebroadcasting, and neither is communication by wire. An entirely separate treaty deals with satellite transmissions.³⁶ Given this kludge of rights, the first question that one must ask in considering the making available right is whether it is already captured in existing treaties' matrix of rights. To answer that, one must consider a further question, and it is the same question this Chapter asks: what is the nature of the making available right?

Surprisingly, WIPO delegates went into the 1996 Diplomatic Conference with an answer to the first question, but without agreement on the second. Delegates agreed that while one could argue that on-demand services *may* fall within an existing treaty right, the better view was that gaps amid in the Treaties' coverage offered incomplete protection to rights holders.³⁷ Accordingly, delegates entered the Diplomatic Conference with the goal of patching these gaps and of capturing on-demand services.

The second question, characterizing the nature of the making available right, proved more vexing. Several candidate rights presented themselves: distribution rights, communication rights, performance rights and

34 *Berne Convention for the Protection of Literary and Artistic Works*, 9 September 1886, <www.wipo.int/treaties/en/ip/berne/trtdocs_wo001.html>.

35 *Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations*, 26 October 1961, <www.wipo.int/treaties/en/ip/rome/trtdocs_wo024.html#P24_262>.

36 *Brussels Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite*, 6 May 1974, <www.wipo.int/treaties/en/ip/brussels/trtdocs_wo025.html>.

37 Mihaly Ficsor, *The Law of Copyright and the Internet: The 1996 WIPO Treaties, Their Interpretation and Implementation* (Oxford; New York: Oxford University Press, 2002) at 494–95 [Ficsor].

broadcasting rights all to a greater or lesser extent offered the capacity to accommodate on-demand services. In the end, two camps emerged: the American delegation characterized on-demand services as a distribution right,³⁸ while the European Union delegation and most Commonwealth nations (including Canada) treated those services as a communication to the public.³⁹ Both views have merit, and reflect both contrasting historical treatments of communications right and the Internet's innate flexibility in content delivery.

A download is plainly a distribution of sorts: both the source and the target of the download retain copies of the downloaded work on completion of the interaction. In this sense, a download is every inch a distribution of copies. Streaming, however, is much more akin to broadcasting or a performance than to physical distribution. Streaming in essence communicates a performance from the source to the target, but ordinarily leaves no copy with the target of the stream — “ordinarily,” because the target can take extraordinary efforts to record the stream, just as one might take steps to record a broadcast or performance. On this characterization, a stream looks more like a secondary right — a dealing with a work — than a core right addressing dealings with copies of the work.

Technological and teleological considerations aside, practical considerations likely had more to do with the different approaches adopted by the United States and other signatories to the treaties. Simply, different nations had developed economic structures for administering copyright based upon characterization of the same dealing as either a distribution or a communication to the public. It would prove extremely disruptive to those structures to characterize on-demand services in a different manner.⁴⁰

Delegates went into the Conference with a consensus that the characterization of on-demand services should fall into an existing right, rather than into a new, unique right.⁴¹ Surprisingly, delegates emerged from the

38 This characterization was consistent with the US domestic treatment of on-demand services articulated in the “White Paper,” Report of the Working Group on Intellectual Property Rights, *Intellectual Property and the National Information Infrastructure* (Information Infrastructure Task Force, 1995), <www.uspto.gov/web/offices/com/doc/ipnii/> at 213.

39 This treatment was consistent with the EU Green Paper, Commission of the European Communities, *Follow-Up to the Green Paper on Copyright and Related Rights in the Information Society* (Commission of the European Communities, 1996), <www.eblida.org/ecup/lex/com96586.html>.

40 Ficsor, above note 37 at 206–7.

41 *Ibid.* at 241–45.

Conference with treaties that did not settle the categorization of the making available right into an existing economic right. In what has been called the “umbrella solution,”⁴² conference participants compromised in focusing the making available right on the acts covered by the right, rather than on the legal characterization of the right itself. Effectively, WIPO left the task of fleshing out the legal character and scope of the making available right to domestic legislatures.

For sound recording makers and performers, the making available right reflects this amorphous nature. Nothing in Articles 10 or 14 directs that treaty signatories implement the making available right for neighbouring rights through either the distribution or communication right — or, for that matter, through a new, *sui generis* right.⁴³

The WIPO solution characterized the making available right for authors as an aspect of the communication right.⁴⁴ However, this characterization does not in fact dispose of the question of the nature of the right under Canadian law. The doctrine of relative freedom of characterization of acts covered by international copyright obligations permits signatories to a copyright treaty to implement a right provided for in a treaty in national legislation through the application of any right, so long as the implementation covers the substance of the treaty right.⁴⁵ In fact, on the floor of the Diplomatic Conference, the United States issued a statement which stressed this understanding of the making available right.⁴⁶

The *WIPO Treaties*, far from giving guidance as to the intended implementation of the making available right, in fact reinforce the inherent ambiguity of the right. The treaties by design leave the question of juridical identity to the legislatures of implementing nations. In fact, we see that different nations have already adopted very different schemes for implementing the right. The United States has taken the position that its right of distribution and right of public performance (which corresponds with Canada’s communication right, rather than its public performance right) combine to implement the making available right.⁴⁷ The European Union,

42 *Ibid.* at 208, 501.

43 *WPPT*, above note 14, Arts. 10 & 14.

44 Article 8 of the *WCT* provides that authors shall have “the exclusive right of authorizing any communication to the public of their works, by wire or wireless means, including the making available to the public of their works ...”; above note 13.

45 *Ficsor*, above note 37 at 497–98.

46 *Ibid.* at 497.

47 *Ibid.* at 503.

in contrast, has taken the view that the making available right is simply a subset of the broad communication right.⁴⁸ To complicate this neat bifurcation, Japan has taken the view that the making available right is a new right — the “right of making transmittable” — distinct from other rights under Japanese law.⁴⁹

D. BILL C-60: MORE QUESTIONS THAN ANSWERS

The WIPO Internet Treaties shed little interpretive light on the nature of Bill C-60’s making available rights in Canada. Neither do they illuminate the scope of the right itself. Bill C-60’s making available provisions pose more questions than they answer, but they are questions that merit analysis.

1) What is the Making Available Right?

This Chapter first questioned the nature of the making available right. Bill C-60 addresses making available rights for each of authors, performers, and sound recording makers. The *WIPO Copyright Treaty* suggests that the author’s right is a communication right,⁵⁰ but interpretative rules clarify that national legislatures are free to determine the juridical right that will in fact implement the substantive right. Bill C-60 directs that the Canadian version of the making available right is an aspect of the rights holder’s exclusive right to communicate a work to the public by telecommunications.⁵¹

The juridical character of the right matters. The making available right (for sound recording makers and performers, at least) is a new exclusive right inserted amidst the tangle of remunerative and exclusive rights the Act already provides. Characterization of the making available right as independent of existing rights, or a new right unto itself, risks artificially dissecting transactions and so multiplying royalties payable, and — the

48 See Information Society Directive, Article 3(1), and Recitals (23) & (25).

49 Ficsor, above note 37 at 506–7, citing “Copyright System in Japan,” prepared by the Japanese Copyright Office (JCO), Agency for Cultural Affairs, Government of Japan, 2001 edition, published by the Copyright Research and Information Centre, and on a translation of the Copyright Law by Y Oyama *et al.*, published by the Copyright Research and Information Center (CRIC), February 2001.

50 Above note 13 at Art. 8.

51 Bill C-60, above note 20 at s. 2.

other side of the same coin — complicating the allocation of liability among actors where a claimant establishes liability.⁵²

To state the issue from a consumer's perspective, it is a simple case of allocative justice: consumers should only need to pay once for a single dealing. Download a song, retrieve a podcast interview, or access a streamed recording of a radio show — each is a single action. From a copyright perspective, however, each such action potentially touches upon a number of different rights, each of which may be separately administered by different entities under the Act. For example, a simple download from an on-demand service such as Apple's iTunes may involve:

- a reproduction (an exclusive right, often administered by a licensing agent on the author's behalf),
- a making available (a communication to the public by telecommunication — an exclusive right under Bill C-60),
- a communication to the public by telecommunication (a remunerative right typically administered by a collective, and unavailable to the rights holder under Bill C-60), and
- a public performance (a remunerative right typically administered by a collective, and, on at least one interpretation of section 11 of Bill C-60, unavailable to the rights holder).

On some readings of the Bill, the author gets as few as two and as many as four kicks at the dealing. How many times should the consumer have to pay for any one of those dealings? Clearly, the consumer should pay each rights holder — the composers, performers, and sound recording makers. But should each of those rights holders get paid for each right potentially affected by the dealing?

This problem particularly plagues on-demand services over the Internet. Such services include what might be catalogued as both on-demand performances, such as “streaming” music, and on-demand reproductions — downloads such as iTunes. The streamcast radio show, for example, potentially involves a reproduction, a communication (in the form of being made available to the public), and a performance, and does so for each of the (at least) three rights holders with interests in musical sound recordings. Does that constitute nine separate heads of payment for the single dealing?

52 See Ysolde Gendreau, *Authorization Revisited* (2001) 48 *Journal of the Copyright Society of the USA* 341 at 358.

Part of the problem is that the Bill — and the Act — does not take pains to disentangle the rights associated with different transactions. Ordinarily, we think of copyright as comprising a group of core rights that deal with variations of sending copies to third parties — reproduction, distribution, translation, etcetera. Each of these activities ultimately produces a new copy of the protected subject matter. Canada's reproduction right is plainly this sort of right, and the Act would presumably catch downloading copies of protected works under one of these rights. Peripheral to those core copy-based rights are the secondary economic rights which touch upon dealings with the work that do not result in the creation of additional copies. These sorts of dealings include public performances and broadcasts. Again, the Act would presumably capture streaming works over the Internet under these sorts of rights. Yet the making available right, at least in respect of performers and sound recording makers, seems to conflate these different categories of rights.

Perhaps in Bill C-60 the Canadian government is seeking to leave the juridical basis of any particular transaction to the parties' negotiations. There is a certain intuitive pull to allowing the market to sort it all out. Streamed content looks a lot like radio, so let's call it a public performance. Download services look more like communications to the public by telecommunication, so let's treat it as such. Podcasting — well, how about calling it a communication to the public by telecommunication? Then charge \$2,400 a year for the privilege of using our back-catalogue.⁵³ All of which nonetheless constitutes a making available — so let's tack on a few extra dollars on the front end. If it is all too much, well, the market will correct. That's how markets work, right? Perhaps — but it is very difficult to characterize the manner in which copyright is administered as reflecting a functional market. Multiple collectives administer multiple rights for multiple rights holders, without regard for what each is doing. Regulation of anti-competitive behavior is minimal.⁵⁴

53 SOCAN Proposal, *Statement of Proposed Royalties to Be Collected by SOCAN for the Public Performance or the Communication to the Public by Telecommunication, in Canada, of Musical or Dramatico-Musical Works*, Tariffs No. 1.B, 1.C, 2.D, 8, 9, 12.A, 12.B, 13.A, 13.B, 13.C, 15.A, 15.B, 16, 19, 22, 23, 24, 25 (2006), Tariffs No. 4.A, 4.B.1, 4.B.3, 5.B (2006-2008).

54 The *Copyright Act's* regulated industry provisions exempt key rights holders organizations from review under the *Competition Act: Copyright Act*, above note 19, s. 70.5 – 70.6 (exempting licensing agencies and collectives from liability for conspiracy under s. 45 of the *Competition Act*, R.S.C. 1985, c. C-34 <<http://laws.justice.gc.ca/en/C-34/>> (as amended)).

Rights holders have already begun characterizing “making available”-type activities as falling under present heads of compensation.⁵⁵ Recall that Bill C-60 requires activities subject to the making available right to be pulled out of section 19’s right to be paid equitable remuneration. The introduction of the making available right will require some adjustment to existing tariff structures — or, to consumers’ dismay, not.

2) When Is it Made Available and Who Makes it Available?

Bill C-60 is silent on who infringes the making available right, and on when it is infringed. When an individual pulls a work or sound recording from a website, when is the work made available? There are many possibilities. Consider a typical Internet-based “on-demand” transaction: first, party A possesses a digital copy of a work of sound recording. Second, that party employs an Internet connection to “upload” the work or sound recording to a server. At that point, the work or sound recording is “made available” to other persons for download, but it is not yet “made available” for use by other persons — that cannot happen until one possesses a copy, either by accessing (if available on the server in a format that permits use) or by actually downloading a copy of the work or sound recording and accessing it on one’s own machine.

Recall, Bill C-60’s making available rights relate to making available “to the public in a way that allows members of the public to access it through telecommunication from a place and at a time individually chosen by them.”⁵⁶ The key condition is access. On the preceding interpretation, the right is only infringed when the work or sound recording is actually accessible to the downloader. The competing view, of course, is that the work or sound recording is accessible as soon as it is available to the public on a web server.⁵⁷

The act is similarly silent on who makes a work or sound recording available. Again, a range of possibilities exist. Clearly, the uploader bears some responsibility for the making available. But what about the owner of

55 See note 53, above.

56 Bill C-60, above note 20, s. 2, ss. 8(1), & s. 10.

57 IFPI, the industry organization representing the global record industry, suggests that the making available right covers both the offer of the protected material and the subsequent transmission of that material: *The WIPO Treaties: ‘Making Available’ Right* (March 2003), <www.ifpi.org/site-content/library/wipo-treaties-making-available-right.pdf> [IFPI].

the server? What about the Internet search tool provider — the Googles and Yahoo!s of the world — who index the ‘net and make content findable? What about owners of caches and other tools to enhance the usability of the ‘net? Don’t all of these entities to some degree contribute to making content accessible to Internet users? Just how far does liability stretch? Some have called for the imposition of liability on both the uploader and the service provider.⁵⁸ However, the agreed statement to Article 8 of the *WIPO Copyright Treaty* states that “[i]t is understood that the mere provision of physical facilities for enabling or making a communication does not in itself amount to a communication.”⁵⁹ Further, Bill C-60’s proposals on liability for “Internet Service Providers” and “Information Location Tools,”⁶⁰ coupled with the existing exception⁶¹ for those who provide the “means” of telecommunication and the Supreme Court’s application of that defence to Internet Service Providers in the *Tariff 22* decision,⁶² suggest that the intent would be to limit liability for primary infringement to the person making the upload. A future expansion of liability for authorizing infringement, or the importation of an expansive “inducement” theory of liability, could reverse this state of affairs.⁶³

Finally, there is the question of the liability of the downloader. Downloading has not been addressed by Bill C-60, and, accordingly, the private copying regime continues to apply. But for every download, someone uploads. Does a download amount to an authorization of an upload, and so violate the authorization right?⁶⁴ This interpretation should be rejected out of hand as an evisceration of the right of private copying and as inconsistent with the Supreme Court of Canada’s recent characterization of

58 See for example Queen Mary Intellectual Property Research Institute, *B3: Draft Protocol on Interpretation of the WIPO Treaties 1996*, (February 2004), <www.qmipri.org/piwt.html>.

59 WCT, above note 13. IFPI suggests that nothing in the WIPO Internet Treaties does not exclude treating a service that transmits a signal over “physical facilities” as an act of communication to the public: IFPI, above note 57.

60 Bill C-60, above note 20, s. 29.

61 *Copyright Act*, above note 19, para. 2.4(1)(b).

62 *Society of Composers, Authors and Music Publishers of Canada v. Canadian Assn. of Internet Providers*, 2004 SCC 45, <www.canlii.org/ca/cas/scc/2004/2004scc45.html>, [2004] 2 S.C.R. 427, (2004), 32 C.P.R. (4th) 1 [*Tariff 22* cited to S.C.R.].

63 Ficsor, above note 37 at 509, noting the possible application of theories of contributory or vicarious liability under national laws.

64 Daniel Gervais suggests the contrary is true: making a file available constitutes at least a “passive authorization” of a reproduction: Daniel Gervais, “Canadian Copyright Law Post-CCH” (2004) 18 I.P.J. 131 at 150.

“authorization” as requiring a defendant to “sanction, approve and countenance” the infringing activity.⁶⁵ A downloader’s “approval” is irrelevant to an uploader’s course of conduct. Moreover, to find downloads an infringing authorization would unfairly deprive rights holders of the opportunity for compensation for private copying occurring over the Internet.

3) Does Making Available Require Intent?

Related to the question of who is liable is that of whether the right imports a mental component. Internet users often fail to appreciate that certain applications such as peer-to-peer file-sharing programs automatically make content available to others. Similarly, intrusive spyware programs such as screen scrapers and Trojan horse applications incorporating root kits and other potentially unwanted technologies can have the effect of making content on an individuals’ computer available over the Internet. In these cases, the law ought to impose liability only in those cases where the defendant knew or ought to have known that the content was made available to others. This is the standard for violation of the existing secondary liability provisions of subsection 27(2) of the Act. Unfortunately, Bill C-60 describes the making available right as a “sole right,” suggesting that liability will be strict.⁶⁶

4) Where Does Making Available Occur?

Where does a making available occur? Again, a number of options are available. First, consider the site of the upload. In most cases, the uploader will have been the person who committed the infringing act. It makes a certain amount of sense to look to the site of the upload for liability. This suggestion is complicated by the fact that it is often impossible to ascertain the identity of an uploader, much less the location of the uploading. Second, consider the point of making available. Earlier, this Chapter suggested that, at the earliest, the making available should only occur once the content is in fact available for access on a server accessible to the public. This suggests that the site of the server is also a logical place to locate liability. However, this is more troublesome than it sounds. Many servers may intervene between the initial server receiving the upload and the

65 See *CCH Canadian Ltd. v. Law Society of Upper Canada*, 2004 SCC 13, <www.canlii.org/ca/cas/scc/2004/2004scc13.html>, [2004] 1 S.C.R. 339, (2004), 236 D.L.R. (4th) 395 at para. 38 [CCH cited to S.C.R.].

66 Bill C-60, above note 20, ss. 2, 8(1), & 10.

final end user, downloading the material. Is the location of each server an appropriate site for a lawsuit? Moreover, does that option make sense given the government's policy of deflecting liability away from Internet Service Providers and those who provide the means of telecommunications? A third option is the site of the download itself. This, again, has a certain attraction, as it marks the end point of the transaction. Finally, there is the possibility that each site of the transaction is an appropriate location for a making available claim.⁶⁷ This approach is consistent with existing jurisprudence on the location of a communication to the public by telecommunications under Canada's *Copyright Act*,⁶⁸ and gives the Canadian making available right extraterritorial effect both outward — in the sense that making works and sound recordings available to the public outside Canada infringes the Canadian right — and inward — in the sense of exposing to liability in Canada those in other countries who make works and sound recordings available to Canadians. Query whether this same approach will apply to the making available of a sound recording, particularly if the neighbouring right is ultimately found to have a juridical basis other than the communication right.

5) Transition and Other Questions

Finally, transitional issues complicate the introduction of the right. What will be the temporal effect of the right? Will past acts of making available be actionable? What about continuing acts? The intent should be to capture only those acts which make protected material available to the public only after the coming into force of the right. Past acts of making available should not be actionable if they were not actionable prior to the date the right comes into force. That said, it seems reasonable to characterize the act of making available as a continuing act. Placing an infringing work on a server the day before the making available right comes into force should not insulate one from liability if the work continues to be available over Internet. The trickier question involves those cases in which the material propagates throughout the Internet. One might remove material from a server only to find it still available through caches, mirror sites, and other

67 Reinbothe & von Lewinski, *The WIPO Treaties 1996* (London: Reed Elsevier (UK) Ltd., 2002) at 111.

68 *Tariff 22*, above note 62 at para. 59: "a telecommunication from a foreign state to Canada, or a telecommunication from Canada to a foreign state, 'is both here and there'."

features of the Internet. This fact scenario again raises the question of intent.

E. CONCLUSION

In many ways, the making available right is unprecedented. Never before in Canadian copyright history has a new right come into force with so little known about it. Is it a communication right? Is it a performance right? How does it interact with the existing right of remuneration under the Act? Bill C-60 does not really answer these questions, nor does it address more fundamental questions, such as where does a making available occur, who is liable for a making available, and how far does that liability stretch up the transactional chain? For answers to these questions, we will need to await judicial consideration of the making available right.

With its uncertain station within the broad embrace of the communication right, the making available right highlights the current Act's administrative complexity. The Act splinters rights administration among distributed holders and across multiple rights, creating the risk — the likelihood — of multiple recoveries for consumers' dealings with content, and does so through the artificial construct of a "market" created by statute, and administered by a bureaucracy away from effective oversight from Canada's competition regulator.

In their 2002 report on the *Copyright Act, Supporting Culture and Innovation*, the Departments of Canadian Heritage and Industry Canada jointly set out a timetable for revising the Act, identifying short, medium, and long-range objectives.⁶⁹ The Departments included "clarifying and simplifying the Act" among their long-range objectives.⁷⁰ Given the uncertainty associated with the introduction of the making available right, one cannot help but suspect that the government would better serve the public by making this objective a higher priority.

69 Industry Canada, *Supporting Culture and Innovation: Report on the Provisions and Operation of the Copyright Act* (Ottawa: Industry Canada, 2002) <<http://strategis.ic.gc.ca/pics/rp/section92eng.pdf>>.

70 *Ibid.* at 45–46.

Made in Canada:

A Unique Approach to Internet Service Provider Liability and Copyright Infringement

Sheryl N. Hamilton*

Understanding networks not as metaphors, but as materialized and materializing media, is an important step towards diversifying and complexifying our understanding of power relationships in control society.¹

A. INTRODUCTION

In its recent proposed amendments to the *Copyright Act* (Bill C-60),² the Canadian government is finally addressing the long-standing and thorny issues surrounding the liability of Internet Service Providers (ISPs) for material circulating on the Internet that infringes copyrights. In general, and in keeping with most other Western jurisdictions, the legislation states that ISPs are not infringing copyright when they merely act as technical

* The author gratefully acknowledges the financial support of Carleton University and the Social Sciences and Humanities Research Council of Canada. Sara Bannerman provided outstanding research support.

1 Eugene Thacker, "Foreward: Protocol Is as Protocol Does" (2004) in Alexander R. Galloway, *Protocol: How Control Exists After Decentralization* (Cambridge, MA: MIT Press, 2004) at xv <<http://mitpress.mit.edu/books/chapters/0262072475forw1.pdf>>.

2 Bill C-60, *An Act to Amend the Copyright Act*, 1st Sess., 38th Parl., 2005, online: <www.parl.gc.ca/PDF/38/1/parlbus/chambus/house/bills/government/C-60_1.pdf>.

conduits for the transmission of copyrighted material.³ But it's a lot more complicated than that, because the nature of the ISP is a lot more complicated than that. ISPs have variously been compared to postal systems, telephones, dramatic theatres, cable television systems, toll highways, truck rental agencies, and record shops.⁴ Yet, as Eugene Thacker points out above, such metaphors can work to obscure rather than elucidate the actual workings of the Internet and their power implications. The Internet as a medium of communication potentially subject to copyright regulation, and the ISP as one pivotal player in that process, need to be understood in their specificity if we are to evaluate the proposed legislation effectively.

In this analysis, I will first ask what are ISPs, how should we think about them, and why are they implicated in copyright disputes. I then evaluate three different approaches to ISP liability: total liability, total immunity, and limited liability. Total liability is an option that has not really been considered in Canada and is often associated with repressive regimes. A system of total immunity for ISPs, usually accompanied by a form of voluntary regulation, essentially describes the legal status quo as it exists in Canada until the legislation is passed. Finally, an approach of limited liability for ISPs is usually accompanied by a mandatory administrative regime for dealing with complaints by copyright owners. The legislation proposes a limited liability model for Canada, but its approach to the mandatory administrative regime for copyright complaints is what is striking.

Interestingly, while the rest of the Western world has adopted what has come to be known as a Notice and Takedown (NTD) system, Canada is taking an original approach, proposing instead, a Notice and Notice (NN) system. This is discussed in more detail below, but briefly, in the NTD approach, if a rights owner becomes aware of a copyright infringement on a particular computer system, it provides notice to the ISP which maintains that system. The ISP is then obliged to "take it down," namely remove that content or block access to it. In an NN system, on the other hand, the copyright owner provides notice of its allegation that copyrighted works are being circulated illegally on the ISP's system to the ISP. The ISP then forwards that notice to the alleged offender — its customer — who can either remove the content or face pursuit in the courts by the rights owner.

3 *Ibid.*, cl. 20.

4 These metaphors are drawn from the submissions received by ISPs, broadcasters, CRIA, and other similar stakeholder organizations throughout the consultation process conducted by Canadian Heritage and Industry Canada: <http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/h_rp01105e.html>.

I conclude by evaluating the merits of the NTD and NN systems, recommending the “made in Canada solution” proposed in Bill C-60.

B. THE CHALLENGE OF THE INTERNET SERVICE PROVIDER

In general, ISPs are the companies like Bell Sympatico, Yahoo!, CompuServe, AOL, Telus, and others which provide access to the distributed network of the Internet under contract with their customers. There are two primary types of access: dial-up and broadband (or high speed). In a dial-up model, the customer’s modem dials a telephone number that an ISP has designated to receive calls to its modems. The devices communicate to establish a protocol connection over which information packets can move. Broadband functions in a very similar manner using different equipment with much greater efficiency.

There are basically two levels of ISP: those that provide the backbone access service and those that provide secondary access and other services. Backbone providers provide access through network points of access. These typically larger ISPs provide access and services to other usually smaller ISPs who are not backbone access providers. There are a wide range of shapes and sizes of ISPs with a 2002 study in Canada indicating that 44 percent were classed as small (namely with 1,266 subscribers on average), 40 percent were classed as medium (with 2,174 subscribers on average) and only 16 percent were large scale (with an average of 69,329 subscribers).⁵ In the past, differences between backbone access providers and secondary service and access providers led to a distinction being made between Internet Access Providers (those who provided the fundamental means of access only) and Internet Service Providers (those that provided other services such as webhosting, e-mail, and so on). This distinction, however, is increasingly untenable.

Craig McTaggart usefully breaks the operation of the Internet into four layers: the physical layer, the operational layer, the application layer, and the content layer.⁶ The physical layer he describes as the computer equipment and the communications networks over which the Internet oper-

5 POLLARA Inc., *Industry Framework for Internet Service Providers* (Industry Canada: Industry Framework Telecommunications Policy Branch, 2002), <www.caip.ca/issues/ISPReport.pdf> Table 2 at 11.

6 Craig McTaggart, “A Layered Approach to Internet Legal Analysis” (2003) McGill Law Journal 571, <www.journal.law.mcgill.ca/abs/vol48/4mctag.pdf>.

ates.⁷ The operational layer comprises the standards and protocols through which information is coded as well as the operational functions of ISPs that keep it all moving.⁸ The application layer is the software that enables the Internet content to be read at an individual computer — web browsers, instant messaging and e-mail programs, and server software.⁹ Finally, the content layer is the layer that the user sees and works with, namely the data that is available to us through the Internet, whether it is visual, textual, or auditory.¹⁰ In the early days of the Internet, ISPs were primarily implicated in the physical and operational layers, whereas currently, they are increasingly involved in both the applications and content layers. All ISPs (even backbone providers) offer services other than mere access, including website hosting, operating domain name resolution software, hosting e-mail applications, offering security services (against “spam” for example), and even producing content.

Charlotte Waelde and Lilian Edwards also recognize the diverse and changing nature of the ISP.¹¹ They suggest that early attempts to regulate ISPs focused, problematically, on the nature of the content and its authorship, whereas more recently issues are being framed in relation to the type of function being performed by the ISP.¹² This is, in large part, because a categorical definition of ISPs is impossible. There is an increasingly wide array of newer type of Internet intermediaries who host, store, and transmit information over the Internet and thus are ISPs, even though we would not traditionally think of them as such. These “other ISPs” include universities, search engines (also called locational tools) such as Google; weblogs or online diary websites; mailing list moderators; online commercial undertakings such as Amazon; aggregators or sites which provide links to a variety of informational sources (such as news headlines compilers); and libraries, among others. As well, the nature of the communications media has changed. Originally major telecommunications companies were the primary ISPs. Now communications actors like cable and mobile phone companies are also involved in service provision.

7 *Ibid.*, at 583.

8 *Ibid.*, at 584.

9 *Ibid.*, at 587.

10 *Ibid.*

11 Charlotte Waelde & Lilian Edwards, “Online Intermediaries and Liability for Copyright Infringement,” WIPO Seminar on Internet Intermediaries (WIPO: 2005), <www.wipo.int/meetings/2005/wipo_iis/en/presentations/doc/wipo_iis_05_ledwards_cwaelde.doc>.

12 *Ibid.*

These various changes and developments in the provision of Internet services explain some of the challenges that regulators have faced in dealing with the circulation of illegal content on the Internet.¹³ But it does not adequately explain why, in the moral and economic panics that have ensued around copyright and music file-sharing, in particular, the ISP finds itself at the centre of the legal disputes. For this we must understand the relationship between online communication and copyright.

As many have noted, the Internet poses an unprecedented set of challenges to the traditional workings of copyright. Digital technologies and communications networks enable the almost infinite replicability of works in any medium without loss of quality; virtually instantaneous communication of those copies, at an infinitesimal cost per unit, to millions of people around the world; and the circulation of these copies in relative anonymity by computer users. Add to this the difficulties in negotiating issues of national jurisdiction in the online world and the emergent culture of access and participation on the part of users (including an increasingly sophisticated awareness of, and in some instances disregard for, copyright law) and the situation is very complicated for rights owners. In this context, Andrew Bernstein and Rima Ramchandani correctly note that the ISP "... finds itself in a uniquely vulnerable [legal] position."¹⁴

The legal vulnerability recognized by Bernstein and Ramchandani is grounded in the nature of communication on the Internet. An Internet transmission is a complex process where a content provider uploads content onto a host server, a user requests some information, and the host server transmits that content. Upon receiving the request for information, the file is broken up into packets and transmitted from the host server to the recipient's server via one or more routers. Each packet has a "header" or destination address. Routers read only the header (not the content of the packet) in transmitting. Different packets or parts of the content may travel along different routing pathways. Upon arrival of all the packets, the recipient computer can reconstitute and open the file immediately or save it until later. While ISPs who provide hosting services generally do not have control or knowledge of the content of these sites, they do usu-

13 It is important to remember that liability issues for Internet content arise in the context of hate literature and speech, defamation, privacy, obscene content, and so on, and not merely in relation to copyrighted works.

14 Andrew Bernstein & Rima Ramchandani, "Don't Shoot the Messenger! A Discussion of ISP Liability" (2002) 1 Canadian Journal of Law and Technology 77, <www.torlys.com/publications/pdf/ar2002-8t.pdf> at 77.

ally retain a master password that will allow them access to all material on their server.

As we can see, the Internet works as a large decentralized network of communication activities with many diverse players — a challenge for any regulator. And yet, as Joel R. Reidenberg recognizes:

[v]arious points in the network infrastructure serve as gateways that in effect recentralize access to the internet. These gateways might be access providers, hosting services or major switching hubs that are located within the jurisdiction of the interested state. The existence of these gateway points in an otherwise decentralized network entices states to focus efforts and find enforcement mechanisms that operate through the intermediaries at these points.¹⁵

The ISPs are these gateway intermediaries. So, as a result, the ISP has been identified by rights owners, collective societies, and governments as the most viable point in this ephemeral chain of digital communication at which to control the activities of users. The history of the regulation of ISPs with respect to copyright can generally be understood, then, as series of efforts by states and copyright owners to re-centralize control through the gateway of the ISP in order to manage content and user action in the online environment.

To this end, rights owners mobilize a set of general arguments for ISP liability based on the nature of Internet communication.¹⁶ Copyright owners make arguments of economic, legal, and administrative efficiency suggesting that the anonymity, individual, and impecunious nature of most Internet users means that they are difficult to locate, expensive to pursue, and not likely to be able to afford substantial judgments against them. They argue that as ISPs are profiting from all of the copyright infringing activity taking place on the Internet through increased business from customers, they should be required to share in the burden of copyright enforcement. Some copyright owners have gone further, to suggest that ISPs have actual or constructive knowledge of the infringing activity and should therefore be liable either for secondary infringement or authorizing primary infringement. They further argue that the viability of the film and music industries may well be at stake and that subjecting ISPs to

15 Joel R. Reidenberg, "States and Internet Enforcement" (2003–2004) UOLTJ 213, <[http://web5.uottawa.ca/techlaw/resc/UOLTJ_1.1&2.doc%2010\(Reidenberg\).pdf](http://web5.uottawa.ca/techlaw/resc/UOLTJ_1.1&2.doc%2010(Reidenberg).pdf)> at 223.

16 See above note 5.

greater risk of liability for copyright infringement will ensure their vigilance in making efforts to curb piracy.

ISPs counter with their own arguments based primarily on their limited knowledge of content as a result of the technological nature of the Internet. They argue that it is unfair and inappropriate to burden them with liability when they are not infringing copyright themselves. They suggest that the cost-sharing model proposed by copyright owners will have a number of detrimental impacts upon their own industry. It will slow down technological development and innovation and lead to increased costs to the consumer, possibly limiting access for some Canadians as a result. They remind us that the nature of Internet communication (routing packets identified only by header and not monitoring website content) is such that they have no knowledge of what is passing along their network at any given point and time. Further, they claim that the enormous quantity of material on the network makes any attempt to acquire such knowledge impractical to the point of impossibility. They argue that they are mere conduits for the communications of others and, parallel to telecommunications companies, should not be held accountable for the “content layer.”

These general arguments have been at the heart of the ongoing legislation and litigation as stakeholders around the world have struggled over the last decade to make sense of the role of the ISP in relation to copyright infringement. A number of different approaches to the “problem” of the ISP and copyright can be distilled from these efforts.

C. APPROACHES TO ISP LIABILITY

Waelde and Edwards suggest that global approaches to regulating ISPs can be divided into three broad categories: the “total liability” approach, the “self regulation/total immunity” approach; and the “limitation of liability/notify and takedown” approach.¹⁷

1) Total Liability

The total liability approach holds that ISPs would be liable in the same ways that primary content providers are for illegal material. This approach has been deployed in non-Western nations to deal with the dissemination of seditious, subversive, and political communication. It has tended to open

¹⁷ Above note 13 at 19–34.

possibilities for state censorship.¹⁸ It has not been one of the approaches considered in the Canadian context.

2) Total Immunity/Self-Regulation

The second approach Waelde and Edwards suggest — total immunity/self-regulation — operates on the assumption that if provided total immunity, ISPs will voluntarily take on a controlling role with respect to copyright infringement.¹⁹ There has been some case law and legislation in the U.S. suggesting this approach has not been satisfactory, particularly in instances where the ISP has refused to remove offending or illegal content.²⁰

In Canada, I suggest that in the absence of legislation, the combination of a recent Supreme Court of Canada decision; the Code of Conduct of the Canadian Association of Internet Providers (CAIP); and a voluntary arrangement arrived at between the Canadian Recording Industry Association (CRIA), CAIP, and the Canadian Cable Television Association (CCTA) has resulted in a form of unstable total immunity/self-regulation that has been working in Canada.

a) SOCAN

Recently, the Supreme Court of Canada had the opportunity to speak to ISP liability in its resolution of the nine-year dispute that had come to be known as the Tariff 22 case.²¹ The Society of Composers, Authors, and Publishers of Music in Canada (SOCAN), Canada's leading music collective, sought to have ISPs required to collect royalties for downloaded music. This possibility arose because in 1989, Parliament added section 3(1)(f) of the *Copyright Act* to provide copyright holders with the exclusive right to communicate a work to the public through telecommunication, thus recognizing satellite, Internet, and other related communications.²² Combined with this, an exemption was provided to anyone merely providing the means for telecommunication (the common carrier exemption).²³ With these new sections, collective societies wanted to receive royalties for In-

18 *Ibid.*, at 19.

19 *Ibid.*, at 19–22.

20 See discussion in Waelde & Edwards, above note 13 at 20–22.

21 *Society of Composers, Authors and Music Publishers of Canada v. Canadian Association of Internet Providers*, 2004 SCC 45, <www.lexum.umontreal.ca/csc-scc/en/pub/2004/vol2/html/2004scr2_0427.html>, [2002] 2 S.C.R. 427. [SOCAN cited to S.C.R.]

22 *Copyright Act*, R.S.C. 1985 c. C-42, <<http://laws.justice.gc.ca/en/C-42>>, s. 3(1)(f).

23 *Ibid.*, s. 2.4(1)(b).

ternet downloading and to have those royalties collected and owed by the ISPs. They targeted ISPs because that was the most viable way of collecting the fees.

The history of the case goes back to 1995, when SOCAN applied to the Copyright Board of Canada for the tariff. Four years of hearings followed and in 1999 the Copyright Board found ISPs did not have to collect the tariff.²⁴ The Board, for the first time in Canadian law, offered a detailed and nuanced understanding of the technological issues involved in ISP liability, one that continues to inform decision-making in the area. SOCAN appealed to the Federal Court of Canada and that court held in 2002 that while in general ISPs were protected from liability by the “common carrier exemption,” the ISPs might be required to pay some royalties on the grounds of their practices of caching content.²⁵

However, the caching element of the Federal Court’s decision was overturned, and the findings of the Copyright Board fully endorsed, by the 8 to 1 decision of the Supreme Court of Canada in *SOCAN*.²⁶ The court, as it had in two of its previous landmark copyright decisions,²⁷ began by asserting the need for balance in the interpretation of the *Copyright Act*, situating that position explicitly in relation to the Internet. Justice Binnie for the majority stated, “[t]he capacity of the Internet to disseminate ‘works of the arts and intellect’ is one of the great innovations of the information age. Its use should be facilitated rather than discouraged, but this should not be done unfairly at the expense of those who created the works of art and intellect in the first place.”²⁸

The Court provided clear endorsement of the protection offered to ISPs by the common carrier exemption suggesting that the legislation clearly defines ISPs as service providers, not content providers. Paralleling its en-

24 SOCAN Statement of Royalties, Public Performance of Musical Works 1996, 1997, 1998 (Tariff 22 Internet) (Re), (1999), 1 C.P.R. (4th) 417, online: <www.cb-cda.gc.ca/decisions/m270101999-b.pdf>.

25 *Society of Composers, Authors and Music Publishers of Canada v. Canadian Assn. Of Internet Providers* (C.A.), [2002] 4 F.C. 3, <www.canlii.org/ca/cas/fca/2002/2002fca166.html>, 2002 FCA 166, (2002), 215 D.L.R. (4th) 118 [SOCAN cited to D.L.R.].

26 Above note 22.

27 See *Théberge v. Galerie d'Art du Petit Champlain inc.*, 2002 SCC 34, <www.lexum.umontreal.ca/csc-scc/en/pub/2002/vol2/html/2002scr2_0336.html>, [2002] 2 S.C.R. 336 [Théberge] and *CCH Canadian Ltd. v. Law Society of Upper Canada*, 2004 SCC 13, <www.lexum.umontreal.ca/csc-scc/en/pub/2004/vol1/html/2004scr1_0339.html>, [2004] 1 S.C.R. 339 [CCH].

28 Above note 26 at para. 40.

dorsement of fair dealing in *CCH*, the court held that intermediaries engaged in the communication of copyrighted content, such as ISPs, do not merely enjoy immunity from copyright infringement, but rather they are deemed not to have communicated the work to the public at all. “Section 2.4(1)(b) is not a loophole but an important element of the balance struck by the statutory copyright regime.”²⁹ As long as the ISP does not alter the content, it is not communicating work to the public for the purposes of copyright, as a matter of legislative policy. Thus the Supreme Court endorsed the view that ISPs cannot be found liable for content that violates copyright if they are acting as a mere technical conduit.

The issue of the caching of content became important and required the court to get further into the intricacies of Internet transmission. SOCAN had argued that in caching some of its content — namely, making a temporary copy on the ISP’s server so that the data could be transmitted more quickly — the ISPs had acted as more than mere conduits for the information. They argued that this constituted a reproduction for the purposes of the Act. The court held, consistent with its previous position, that “Parliament has decided that there is a public interest in encouraging intermediaries who make telecommunications possible to expand and improve their operations without the threat of copyright infringement. To impose copyright liability on intermediaries would obviously chill that expansion and development.”³⁰ The court found that the creation of a cache copy was a “serendipitous consequence of improvements in Internet technology” and was content-neutral.³¹ Thus, ISPs were empowered to use caching technology to improve service to their clients without concern as to liability.

Finally, the issue of authorization arose with SOCAN arguing that the ISPs knew very well that people were using their facilities for infringing purposes. The Court, following its recently-strengthened definition of authorization in *CCH*, held that “the knowledge that someone *might* be using neutral technology to violate copyright ... is not necessarily sufficient to constitute authorization.”³² If the ISP were notified of the offending content and refused to take steps to take it down, this might constitute authorization. The court concluded:

²⁹ *Ibid.*, at para. 89.

³⁰ *Ibid.*, at para. 114.

³¹ *Ibid.*, at para. 115.

³² *Ibid.*, at para. 127.

... by enacting s.2.4(1)(b) ... Parliament made a policy distinction between those who abuse the Internet to obtain “cheap music” and those who are part of the infrastructure of the Internet itself. It is clear that Parliament did not want copyright disputes between creators and users to be visited on the heads of the Internet intermediaries, whose continued expansion and development is considered vital to national economic growth.³³

Thus ISPs were clearly exempt from liability for acting as conduits and for caching. This protection is basically retained in the proposed legislation where Parliament apparently continues to “not want the copyright disputes between creators and users to be visited on the heads of Internet intermediaries.”

b) Industry Self-Regulation

The second element of the current Canadian situation for ISPs is found in the provisions of the CAIP Code of Conduct. The Code provides that CAIP members (which include a large majority of the major ISPs in Canada) will not knowingly host illegal content, that they will share information about such content to that end, that they will take reasonable efforts to investigate legitimate complaints about illegal content, and that prior to taking action on any such allegation, they will conduct an internal review, consult with legal authorities, and notify the content provider of the complaint, requesting a response.³⁴ There is no available data indicating the levels of compliance with specific provisions of the voluntary Code. However, as Waelde and Edwards’ model suggests, an uncertain legal framework does generate some self-regulation.³⁵ In Canada, this has gone ever further than in other jurisdictions, as we will see below.

c) Stakeholder Co-operation

The third element in the current Canadian regime is a unique system of stakeholder co-operation between rights owners and ISPs. In late 2000, CAIP, the Canadian Cable Television Association (CCTA), and the Canadian Recording Industry Association (CRIA) voluntarily put into place a “notice and notice” (NN) system to deal with online copyright infringement claims. CRIA, upon becoming aware of a copyright infringement affecting

33 *Ibid.*, at para. 131.

34 Canadian Association of Internet Providers, “Code of Conduct,” online: <www.cata.ca/caip/codeofconduct/CodeConduct.html>, provisions 5–7.

35 Above note 13 at 19–22.

one of its members, provides notice to the ISP in question by e-mail (if they are a member of CAIP or CCTA). The written notice clearly identifies the claimant and its interest, sets out the precise claim (including a description of the infringing material), and provides the location of the material. The ISP then provides a notice to the subscriber reminding them that it is against the ISP's policy to put their resources to illegal use, advising them of the information from CRIA, and encouraging them to contact CRIA to resolve the issue. The ISP then acknowledges the complaint and confirms to CRIA by return e-mail that the information contained in the complaint has been passed on to the subscriber. In the event that a subscriber does not remove the content in question, CRIA is at liberty to seek injunctive or monetary relief through the courts pursuant to the *Copyright Act*. This is essentially the regime that has been codified in section 40.1 of Bill C-60.³⁶ While described by CRIA President, Brian Robertson, as an "uneasy peace" in 2003,³⁷ the most recent reports from the participating parties were that approximately 80 percent of all complaints received by the ISPs were resolved through this system.³⁸

The existing Canadian system of substantial, if not total, immunity combined with self-regulation, while admirably effective to date, has several shortcomings. First, because it is not codified, there is a level of uncertainty about the exact nature of potential liability for activities not involving caching and mere transmission. Second, a voluntary system does not "catch" the activities of those parties not participating in the voluntary regime. Third, it is a regime that exists only with respect to music copyrights. To expand it would require multiple specific agreements between ISPs and rights owners in other areas of creation. For these reasons, some form of codified approach making mutual rights and responsibilities clear seems most appropriate.

3) Limited Liability/Complaints Regime

The third type of liability that Waelde and Edwards discuss — limited liability — is necessarily accompanied, they suggest, by a notice and take-

³⁶ Above note 3 at cl. 29.

³⁷ Robert Thompson & Mark Evans, "Telus Issues Copyright Warning to Downloaders" (2003) in *Financial Post*, 12 September 2003, FP1.

³⁸ See testimony of Jay Thomson (CAIP) in the Committee Hearings for the Standing Committee on Canadian Heritage, 37th Parl., 3rd Session, Standing Committee on Canadian Heritage, Evidence, Thursday, 22 April 2004, <www.parl.gc.ca/infocomdoc/37/3/HERI/Meetings/Evidence/HERIEV09-E.htm> at 32.

down system. This perspective suggests that ISPs should be protected from unlimited risk in their activities, but that this immunity should be balanced against other policy factors, such as protecting the owners of intellectual property rights.³⁹ This balance is achieved through a mechanism involving ISPs directly in the removal of online material allegedly infringing copyright. This is the approach they favour and the one in place in the United States and the European Community.

a) United States

In the United States, the 1998 *Digital Millennium Copyright Act* in Title II, “Online Copyright Infringement Liability Limitation Act,” limits the liability of an ISP when it is acting solely as a conduit for the transmission of digital information for its customers.⁴⁰ The legislation provides four “safe harbours” based on the typical activities of an ISP: transitory communication,⁴¹ system caching,⁴² storage of information on systems and networks at the directions of users (hosting),⁴³ and information location tools, such as search engines.⁴⁴

An ISP eligible for the activity of transitory communications is defined as: “an entity offering the transmission, routing, or providing connections for digital on-line communications, between or among points specified by a user, of material of the user’s choosing, without modification to the content of the material sent or received.”⁴⁵ For the other three activities (caching, storage, and location tools), a service provider is defined more broadly as: “a provider of on-line services or network access, or the operator of facilities therefore.”⁴⁶ To benefit from the caching and hosting exemptions, the ISP cannot have knowledge (actual or constructive) of the infringement. They cannot have received a financial benefit directly attributable to the infringing activity. Finally, they must have been unaware of the facts or circumstances from which the infringing activity is apparent, or upon gaining knowledge, have acted expeditiously to block access to, or remove the material.⁴⁷

39 Above note 13 at 22–34.

40 *Digital Millennium Copyright Act*, Pub. L. No. 105-304, 112, Stat. 2860 (1998), <www.access.gpo.gov/cgi/bin/getdoc.cgi?dbname=105_cong_public_laws&docid=f:publ304.105>, s. 512 [DMCA].

41 *Ibid.*, s. 512(a)(1)–(5).

42 *Ibid.*, s. 512(b)(1) & (2).

43 *Ibid.*, s. 512(c)(1)–(3).

44 *Ibid.*, s. 512(d)(1)–(3).

45 *Ibid.*, s. 512(k)(1)(A).

46 *Ibid.*, s. 512(k)(1)(B).

47 *Ibid.*, 512(a), (b), & (d).

There is an elaborate “Notice and Takedown” system provided for within the legislation.⁴⁸ The ISP must have designated an agent to receive claims for notice of infringement with the U.S. Copyright Office. Upon learning about an alleged infringement, the copyright owner submits a notice to the ISP’s agent containing certain specified information. The ISP will be exempted from financial liability and third party claims if it acts quickly to take down the material. The ISP’s customer can respond to the notice by filing a counter-notification. The counter-notification must be sent to the complaining party, who then has a chance to respond. If it does not respond, then the ISP must reinstate the content and access.

Finally, in order to qualify for any of the four exemptions, the ISP must have adopted and implemented a policy of terminating accounts of subscribers who are multiple infringers (where appropriate) and must accommodate and not interfere with technological protection measures.⁴⁹ The exemption includes a bar on monetary relief and restricts injunctive relief. The exemption for caching, storage, and location tools protect ISPs from third party claims as well.⁵⁰ Notwithstanding the heavy nature of the NTD system, the ISP is under no positive obligation to monitor its content or seek out information about potential infringing activities on its network.⁵¹ It is also important to note that failing to qualify for any of the exemptions does not make the ISP liable for copyright infringement and does not detract from other defences it may have available to it. In short, the DMCA offers a complex, detailed, and heavy regime which privileges the removal of content by the ISP upon an allegation of copyright infringement.

b) The European Community

In the European community there are two directives that govern ISP liability for copyright infringement: the European Union’s *Electronic Commerce Directive* (the ECD)⁵² adopted in June 2000 and the *European Union*

48 *Ibid.*, 512(c) & (g).

49 *Ibid.*, s. 512(i).

50 *Ibid.*, s. 512 (a), (b), & (d).

51 *Ibid.*, s. 512(m).

52 EC, Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (Directive on electronic commerce) [2000] O.J.L. 178/1, online: EC <http://europa.eu.int/eur-lex/pri/en/oj/dat/2000/1_178/1_17820000717en00010016.pdf>.

Copyright Directive, adopted in May 2001.⁵³ In Articles 12-15, the *ECD* recognizes the technical and passive nature of the intermediary functions of ISPs.⁵⁴ ISPs are defined more broadly than in the United States to include both ISPs and ISSPs or “information society services providers.”⁵⁵ When these entities act as conduits, cache, and host, there are a range of exemptions and limitations on their liability. When acting as a mere conduit, the ISP is completely absolved from liability provided that it does not initiate the transmission, select the receiver of the transmission, or modify the information contained in it.⁵⁶ There is complete liability for caching as well, provided that the information has not been modified, the cache is updated regularly, and the ISSP has not obtained actual knowledge of the disabling of the original source or a court order closing it down.⁵⁷

For hosting, the ISP is exempt from liability provided that it has no actual knowledge of illegal activity or information. It is exempt from damage claims if it has no actual knowledge and a lack of awareness of facts from which the illegal activity is apparent. The ISP must act expeditiously to remove or disable access to information upon obtaining knowledge of the copyright infringement.⁵⁸ The Directive also recognizes that there is no positive obligation on the ISP to monitor content or to seek out information on copyright infringement itself.⁵⁹ So in Europe as well, an NTD system is envisioned, although the specific mechanisms of its operation are left to member states.

D. THE “MADE IN CANADA” SOLUTION

As we can see, the limited liability/NTD system is certainly the dominant approach among Western states. Interestingly, it was also the approach most discussed by the Departments of Canadian Heritage and Industry earlier in the copyright reform process and eventually advocated by the Standing

53 EC, *Directive 2001/29/EC of the European Parliament and of the Council of May 2001 on the harmonization of certain aspects of copyright and related rights in the information society* [2001] O.J.L. 167/10, online: EC <http://europa.eu.int/eur-lex/pri/en/oj/dat/2001/1_167/1_16720010722en00100019.pdf>.

54 Above note 53 at 3.

55 *Ibid.*, art. 2(a) & (b) at 8-9.

56 *Ibid.*, art. 12 at 12.

57 *Ibid.*, art. 13 at 13.

58 *Ibid.*, art. 14 at 13.

59 *Ibid.*, art. 15 at 13.

Committee on Canadian Heritage.⁶⁰ In stark contrast to the focus on NTD, virtually no academic or political attention in Canada or in other jurisdictions has been given to the “made in Canada” solution to ISP liability: the NN approach. This is unfortunate. I suggest that the limited liability/NN system addresses a number of substantial concerns posed by an NTD system and offers a number of additional benefits. Below I review both approaches.

1) Limited Liability/Notice and Takedown

A limited liability/NTD system has a number of major shortcomings when one considers it in general and in the Canadian context. First, in practice it results in some substantial limitations to freedom of expression. Second, it is inconsistent with the broader Canadian approach to illegal content on the Internet. Third, it suffers from problems of proportionality. Fourth, it is ultimately ineffective in addressing current practices of file-sharing, and finally, it is unnecessary in light of the NN system.

An NTD system is essentially a pre- or non-judicial determination of copyright infringement. It places the burden for assessing whether or not there has been an actual copyright infringement on the ISP, which is then liable for the consequences of that decision. ISPs claim that they do not have the financial and legal resources, or adequate time with the requirements of expeditious action, to make sound decisions on copyright issues. Faced with what is essentially a determination of law, they opt for the less risky option: taking the content down. Thus, the content providers’ expression is being limited; namely, removed from the Internet, simply on the basis of an allegation made by a copyrights holder.

Research confirms that the practical effect of the NTD burden is the removal of content without due consideration of the merits of the claim of infringement. In Europe, Oxford researchers found in 2004 that “the current regulatory settlement has created an environment in which the incentive to take down content from the Internet is higher than the potential costs of not taking it down.”⁶¹ In the United States, the Electronic Frontier

60 The 2004 Report of the Standing Committee on Canadian Heritage recommends an NTD regime. Canadian Heritage and Industry, *Interim Report on Copyright Reform* (Ottawa: Report of the Standing Committee on Canadian Heritage, 2004), <www.parl.gc.ca/InfocomDoc/Documents/37/3/parlbus/commbus/house/reports/herirp01-d.htm>, Recommendation 3 at 23.

61 Chris Ahlert, Chris Marsden, & Chester Yung, “How Liberty Disappeared from Cyberspace: The Mystery Shopper Tests Internet Content Self-Regulation” (1 May 2004), online: <<http://pcmlp.socleg.ox.ac.uk/text/liberty.pdf>>, at 12.

Foundation has been very active in publicizing the errors and problems with the takedown demands of complainants under the DMCA. Content that has been wrongfully removed includes uncopyrightable facts, public domain materials, material subject to the fair use exception, social criticism, and trademarked material. In addition, frequent instances of ISP harassment by copyright owners, improper identification of users, and administrative errors are also reported.⁶²

Faced with the knowledge that its complaint alone will likely result in the removal of content, the American Recording Industry Association, for example, has been very aggressive in laying complaints with ISPs. As Peter Yu effectively details, the use by the RIAA of automated web crawlers and other computer programs to search for and detect illegally traded songs has resulted in numerous errors.⁶³ For example in May 2003, the RIAA issued a takedown notice to Speakeasy, a broadband ISP. The form letter noted that “approximately 0 files” contained recordings copyrighted by RIAA artists such as Creed. The site in question was devoted to demonstrating the superior graphic capabilities of the Commodore Amiga computer and had no music files on it at all.⁶⁴ In the same month, a retired professor of astronomy, Peter Usher, was confused with Usher Raymond, the popular R&B artist. Once the computer program found a music file and the name Usher, a takedown notice was issued to the university hosting the professor’s site. The university was very close to shutting down the whole site (to the detriment of students writing final exams) when the error was discovered. It turned out the music file was a song by an *a cappella* group of university astronomers and astrophysicists about a gamma ray satellite they had developed.⁶⁵

Given the logistics of copyright owners tracking huge amounts of Internet communications, errors like this are inevitable. As long as the rights owner believes in good faith that a breach has occurred, the user has no recourse for the impact of the takedown of their website. The effect of this, Yu suggests, has been chilling on ISPs.⁶⁶ Even more troubling than

62 Electronic Frontier Foundation, “Unsafe Harbors: Abusive DMCA Subpoenas and Takedown Demands” (2003), online: <www.eff.org/IP/P2P/20030926_unsafe_harbors.php>.

63 Peter Yu, “P2P and the Future of Private Copying” (2004) 76 University of Colorado Law Review 653.

64 *Ibid.*, at 661.

65 *Ibid.*, at 661–662.

66 *Ibid.*, at 662. See also Scott Nesbitt, “Rescuing the Balance? An Assessment of Canada’s Proposal to Limit ISP Liability for Online Copyright Infringement” (2003) 2CJLT 115, <http://cjlt.dal.ca/vol2_no2/pdfarticles/nesbitt.pdf>.

technological error on the part of copyright owners' detection programs, however, are instances where organizations have attempted to silence critique (such as the Mormon Church and Church of Scientology), where documents are part of the public domain, and where uncopyrightable facts that are inconvenient to a commercial enterprise are the subject of notice and takedown notices that are acted upon by ISPs.⁶⁷

Sonia K. Katyal critiques these activities by copyright owners as a new form of surveillance.⁶⁸ She defines "piracy surveillance" as, "... extrajudicial methods of copyright enforcement that detect, deter, and control acts of consumer infringement."⁶⁹ She goes on to detail the implications of this new form of surveillance. "Because these systems of copyright enforcement are largely unregulated and fall outside of state control, piracy surveillance measures are capable of an unprecedented scope of invasion and control over the expressive activities of ordinary citizens, particularly with respect to the protection of fair use, free speech, and due process."⁷⁰ She, too, documents the response of ISPs to the fear of liability for copyright infringement, including employers and universities banning the use of all file sharing software; refusing to permit MP3 files, regardless of whether or not they fall under fair use or are from the public domain; and providing all personal details about users immediately upon receiving the takedown notice.⁷¹ As Katyal correctly notes, "piracy surveillance eviscerates [the] balance between control and expression, leading to an escapable logic of vigilantism."⁷²

Courts in the United States have demonstrated a repeated reluctance to consider the issues involved in NTD as concerning competing rights between freedom of speech (as the right is formulated in the United States) and copyrights.⁷³ As a result, the balance between rights owners and users has been effectively and dramatically thrown off in favour of owners. Cer-

67 See discussion of these various examples in Sonia K. Katyal, "The New Surveillance" (2003) 54 *Case Western Res.* 297 at 345-46 & 369.

68 *Ibid.*

69 *Ibid.*, at 300.

70 *Ibid.*, at 301.

71 *Ibid.*, at 325. See also Eric Evans "From the Cluetrain to the Pantopticon: ISP Activity Characterization and Control of Internet Communications (2004), 10 *Michigan Telecommunication Technology Law Review* 445.

72 *Ibid.*, at 361-62. For other scholars making similar arguments, see Hannibal Travis, "Pirates of the Information Infrastructure: Blackstonian Copyright and the First Amendment" (2000) 15 *Berkeley Technology Law Journal* 777.

73 JuNelle Harris, "Beyond Fair Use: Expanding Copyright Misuse to Protect Digital Free Speech" (2004), 13 *Texas Intellectual Property Law Journal* 83.

tainly Canadian legislators should be very cautious about a system which, in practice, has resulted in such substantial and repeated limitations on freedom of expression.

A second shortcoming with implementing a limited liability/NTD system in Canada which requires ISPs, rather than courts, to make an initial interpretation of illegality is that it would be inconsistent with the broader policy direction in Canada. In 2001 and 2002, respectively, amendments were made to the Canadian *Criminal Code* providing for seizure of electronic hate propaganda⁷⁴ and child pornography.⁷⁵ In both of those instances, a judge, acting upon reasonable grounds, can order the “custodian of the computer system” (the ISP) to provide a copy of the offending material to the court, remove the material from the computer system, and provide the information necessary to identify the person who posted the material. After receiving that information, the judge will cause notice to be given to the person who made the posting(s) and that individual has the opportunity for a court hearing to determine the status of the material. If the material is found, on a balance of probabilities, to be either hate propaganda or child pornography, the court can order the ISP to delete it. If it is found not to fall within these provisions, then the material is returned to the ISP and any initial order about its removal is terminated. Thus in two situations where arguably the public interest in the speedy removal of potentially illegal material being circulated over the Internet is much greater, Parliament opted to place authority and responsibility for a determination of illegality in the hands of the courts. It seems then inconsistent on either a legal or policy basis to empower ISPs to make a determination of legality in a context where the harm being done is less severe.

A third concern with NTD is the potential lack of proportionality between the “offence” committed and the actions required of the ISP. ISPs are understandably very concerned about the impact of an NTD regime on their relationships with their clients. At best they are certainly going to be the subject of customers’ ire. At worst, they may be involved in third party litigation as a result of the improper takedown of their customer’s material. This is particularly the case given the need for expeditious action to remove material and because the response of “takedown” can be very drastic relative to the amount or nature of infringing content. For example, if a client has an entire website of content and there is one infringing image on it, the only possible technological response by the ISP is to block

74 *Criminal Code*, R.S.C. 1985, c. C-46, <<http://laws.justice.gc.ca/en/C-46/>>, s. 320.1.

75 *Ibid.*, s. 164.1.

access to, or remove, the website completely. The “takedown” is not limited to the offending content and is a remedy which risks being radically out of proportion with the offence (should there be one). Troublingly, CRIA even went so far as to advocate before the Standing Committee on Canadian Heritage for what Michael Geist aptly calls a “notice and terminate” approach;⁷⁶ namely, one where subscribers accused of infringing would have their accounts peremptorily terminated.⁷⁷ This radical lack of proportionality is one of the dangers inherent in focusing too exclusively on music file-sharing as the “problem” to be solved by any legislative response. Not all breaches of copyright are going to be websites devoted entirely to music file-sharing and indeed, currently few music file-sharing systems operate in this manner. Due process should not be completely evacuated at the behest of copyrights holders.

Ironically, one of the biggest shortcomings of the NTD approach is that it does not work to catch the currently dominant practices of music file-sharing. In a post-Napster environment, neither the content being swapped in P2P exchanges, nor any index of content, is located on the server of the ISP. Instead, the files are on the computers of individual users. Therefore, even with appropriate notice, there is no technological means for the ISP to takedown the content. This is only exacerbated with developments in file-sharing such as BitTorrent and Freenet.⁷⁸ The ISP’s only available action is to terminate the account of the subscriber; again, an extreme action, particularly on the basis of a mere allegation of copyright breach.

As equally damning as the fact that NTD does not catch the majority of copyright infringement that it is seeking to prevent is the argument that it is not necessary in the first place. It is not necessary because the Canadian music industry, the ISPs, and now the legislators have developed a unique approach to ISP liability that avoids many of the shortcomings of NTD while preserving its strengths.

76 Michael Geist, “A Blueprint for Better Copyright Law” *Toronto Star* (9 August 2004) <www.michaelgeist.ca/resc/html_bkup/august92004.html>.

77 Above note 61, at 28 & 36.

78 For a useful discussion of these P2P frameworks see Waelde & Edwards, above note 11 at 7–10.

2) Limited Liability/Notice and Notice

The limited liability/NN system proposed in the Canadian legislation recognizes that ISPs are the gateway intermediaries. They are the only actors in the chain of communication who have access to all the information necessary to link users to content. However, at the same time, it recognizes that ISPs are not primarily involved in the production of content, nor are they able to be aware of all content. Finally, this approach is further balanced by the recognition of users' rights to express themselves freely within the bounds of any limiting legislation, to be assumed not to engaged in illegal activity without evidence, and to have their privacy and identity protected. Limited liability/NN has among its greatest benefits the fact that it has been in successful operation for a number of years on a voluntary basis, as detailed earlier. Bill C-60 essentially codifies the CAIP-CCTA-CRIA arrangement for the benefit of all copyright owners, users, and ISPs. Below I will detail the legislative provisions of the "made in Canada" solution, discuss some of its merits, and identify some of the gaps not addressed in the legislation.

The limited liability of the ISP is addressed in the addition of section 31.1 to the *Copyright Act*. It exempts an ISP when "in providing services related to the operation of the Internet or other digital network, [it] provides any means for the telecommunication of a work ... through that network."⁷⁹ Activities related to caching are also expressly exempted.⁸⁰ The exemption is only available if the ISP does not modify the work in any way, implements any suitable protection measures of the content provider related to caching, and does not interfere with the collection of usage data. Hosting is exempted, but not when the ISP has actual knowledge of a legal decision pertaining to the infringement of copyright of the work in question.⁸¹

The NN regime is implemented in proposed sections 40.1–40.3. It provides that a copyright owner may send a notice claiming infringement to an ISP which transmits, hosts, or provides information location tools or search engines.⁸² The notice must be in writing and contain the claimant's name and address, identify the relevant work, state the claimant's interest in the copyright, specify the electronic location of the work, specify the infringement claimed, specify the date and time of infringement, and

79 Above note 2, at cl. 20.

80 *Ibid.*, (s. 31.1(2)).

81 *Ibid.*, (s. 31.1(4)).

82 *Ibid.*, cl. 29 (s. 40.1).

provide any other information required by regulation.⁸³ The ISP is then required to forward the notice electronically to the person identified by the electronic location provided in the notice. It must notify the claimant that the notice has been sent. Finally, it must also retain, for six months, the data necessary to identify the person and the substance of the claim.⁸⁴ If the ISP fails to act in accordance with these provisions, it can be fined a maximum of \$5,000 for not forwarding the notice and a maximum of \$10,000 for not retaining the information as prescribed.⁸⁵

The NN system has a number of advantages. First, it is principled in that it keeps the interpretation of copyright legislation and legal decision-making in the hands of the courts. The conflict thus remains between the copyright owner and the alleged infringer with the costs of any legal proceedings to be borne by those parties. As a result, Canada will not be vulnerable to the same litany of errors, abuses, and problems that have arisen as a result of the more draconian NTD system of the *DMCA*. Second, it is consistent with other Canadian legislation addressing the ways in which allegedly illegal content should be dealt with in the online environment. Third, it is a much more tempered response to an allegation of copyright breach to pass along the complaint to the alleged offender than to block access to an entire website. Fourth, it is not tied technologically to an outdated model of file-sharing. It is flexible enough to address current practices of file-sharing and presumably those yet to come. Reports from the participants in the voluntary system suggest, as noted previously, that up to 80 percent of complaints were being dealt with effectively by this approach.⁸⁶ Presumably with a codified and mandatory system, this success rate will improve.

Additionally, empirical research has compared the economic impacts of NTD versus NN. Economist Paul Chwelos conducted a study for Industry Canada in 2004 examining the respective economic impacts of three models of ISP liability: maintaining the status quo, implementing an NTD system, and implementing an NN system.⁸⁷ His analysis suggests that the legal and administrative costs of an NN system might be lower than for

83 *Ibid.*, (s. 40.1(2)).

84 *Ibid.*, (s. 40.2(1)).

85 *Ibid.*, (s. 40.2(3)).

86 Above note 39.

87 Paul Chwelos, "Assessing the Economic Impacts of Copyright Reform on Internet Service Providers" for Industry Canada <http://strategis.ic.gc.ca/epic/internet/inippd-dppi.nsf/vwapj/chwelos_final_e.pdf>.

the NTD approach, with corresponding positive implications for the international competitiveness of Canadian ISPs.⁸⁸ Innovation and development will be able to continue unabated. He also suggests Canada may emerge as something of a web-hosting haven relative to other jurisdictions.⁸⁹ He concludes by suggesting that “[o]n the whole, the Notice and Notice regime would provide a nearly identical business environment to the Notice and Takedown environment in the US, EU, and Australia.”⁹⁰

Despite its significant benefits, there are a few gaps and shortcomings in the present proposed legislation that merit mention. Under the voluntary NN system, when CRIA has attempted to pursue individuals, the ISPs have been reluctant to share the identity of their subscribers with CRIA, resulting in ongoing litigation on that issue.⁹¹ The proposed legislation will not resolve this. As well, the length of time the data connecting the user and his or her IP address is being retained — six months with a possible extension to a year — creates privacy concerns. Overall, however, the privacy rights of individual users are much better protected under the NN system. According to the Federal Court of Appeal in *BMG*, any copyright owner will have to show a *bona fide* claim in order to be able to obtain an order for the release of a subscriber’s name and such an order will only come after all of the various interests have been weighed on the particular facts of that case, including the privacy rights of the user.

In the proposed NN provisions there is also no penalty for a claimant who files a wrongful notice. There is provision made for a filing fee on the part of the claimant that could be activated should false or mischievous claims become an issue in the Canadian context. However, this has not yet been activated and, alone, may not be an adequate deterrent. The government may wish to consider in future adding a penalty for wrongful notices should this become a problem in the administration of the system.

Wrongful notice is more likely to be an issue with respect to search engines, given the specific provisions pertaining to them. Search engines are protected in proposed section 40.3 in that remedies against them are limited to injunctive relief only.⁹² In other words, they are not liable for damages if they infringe copyright by making or caching a reproduction of a work.

88 *Ibid.*, at 31.

89 *Ibid.*

90 *Ibid.*, at 32.

91 *BMG Canada Inc. v. John Doe*, 2005 FCA 193, <www.fca.-caf.gc.ca/bulletins/whatsnew/A-203-04.pdf>, [2005] F.C.J. No. 858 [BMG].

92 *Ibid.*, (s. 40.3).

This protection only applies if the copy is made automatically and for the purpose of providing information location tools. Further, the search engine cannot modify the copy; it must comply with any conditions requested by the content provider; it cannot prevent or interfere with usage data collection; and most significantly, it cannot have received notice of a claim under the Act's NN regime. What this does is basically create a mini-NTD system within the wider NN system, solely for search engines. It also prevents the search engine from receiving protection if it has altered the content in any way, a common practice. Finally, the absence of a clear definition of caching — whether it is merely a viewable cache or something more permanent done in the process of archiving for search indexing — creates uncertainty from the perspective of the search engine. It is unclear why search engines would be singled out for this altered approach, and in the absence of any kind of protection against wrongful claims, this may be opening the door to abuse by competitors within that industry as well as creating a climate of indeterminacy for the search engine.

E. CONCLUSION

The Canadian government has resisted the urge to merely follow in the footsteps of the American or European model of understanding ISP liability, and to good end. The extra time taken in our regulatory process has enabled the development of an industry-produced and practiced solution that is now being codified. It is coherent with the Supreme Court of Canada's interpretation of ISP liability issues, the current (and future) state of the Internet, users' rights, and owners' interests. It is important to note that the Notice and Notice regime can still lead to the removal, under judicial order, of material on the Internet that infringes upon the rights of copyright owners. This removal only takes place, however, after due consideration of the various interests involved in the dispute. The Supreme Court of Canada has called for a balancing of interests in the interpretation and implementation of copyrights in the information age.⁹³ The limited liability/notice and notice system proposed in Bill C-60 is an important and effective recognition of that balance. What remains to be seen is whether other jurisdictions learn from Canada's original and creative lead.

93 See dissent in *SOCAN* above note 21, and *BMG* above note 91.

The “New Listener” and the Virtual Performer:

The Need for a New Approach to Performers’ Rights

Mira T. Sundara Rajan

A. INTRODUCTION

Performances are not what they used to be. A century ago, when international copyright law first came to prominence with the adoption of the *Berne Convention on Literary and Artistic Works*,¹ a performer was the mouthpiece of the composer; his *raison d’être* was to disseminate and promote the underlying work of a true creator. It was for this reason that classical composers of the nineteenth century viewed performance with considerable ambivalence. To cite two well-known examples, German giant Johannes Brahms refused outright to pursue a career as a performing pianist, while Hungarian Franz Liszt ultimately felt that the unprecedented glamour of his tenure as a piano virtuoso — his audiences notoriously filled with swooning women, his concert tours punctuated by ruinous love affairs — led to the tragic sacrifice of his true promise as a composer.² A half-century later, the spread of recording technology brought a new dimension to the art of the performer; yet records documented performances without bringing fundamental change to the status of performers in Western culture. Performers were not acknowledged as authors in their

1 *Berne Convention for the Protection of Literary and Artistic Works*, 9 September 1886, as revised at Paris on 24 July 1971 and amended in 1979, S. Treaty Doc. No. 99-27 (1986), <www.wipo.int/treaties/ip/berne/index.html> [*Berne Convention*].

2 Jan Swafford, *Johannes Brahms: A Biography* (New York: Vintage, 1999).

own right, creators of a lasting cultural artefact in the form of sound recordings. Instead, a recording industry was built around performers who could only benefit from the second-class copyright which has since come to be known as a “neighboring right”— the traditional term by which the rights of performers and others engaged in activities promoting the dissemination of true works of authorship are known. There were lucrative possibilities for the producers who invested into the making of sound recordings, but performers themselves could only enjoy a royalty as a percentage of sales.³

The technological revolution of the Digital Age debuted early in the 1970s, and it earns its name from the development of digital recording technology. At that time, few people in the cultural industries — whether composers, performers, sound engineers, or producers — could be expected to grasp the potential for radical cultural transformation inherent in the new technologies. A great genius, however, could: in the last decade before his death, Canadian pianist Glenn Gould, widely acknowledged as one of the great minds of twentieth-century music, predicted the end of the concert experience as we know it, to be largely replaced by digital creations from the recording studio.⁴ Thirty-odd years later, of course, concert halls and live performances continue to exist. Yet Gould was prescient in recognizing the potential in digital technology for a new kind of creativity — artistry that would take the raw material of a performance and make it into a lasting work of art, a permanent testimonial constructed from an ephemeral moment in time. Indeed, in his eyes, not only was the performer poised to become a creator of full standing in his own right, but sound engineers and technicians would also attain the status of creators of culture in a society emerging from an unprecedented technological revolution.

In the context of modern copyright reforms, it is telling that, for Gould, the ultimate measure of success by which the Digital Revolution must be judged was the transformation of the public that listened to music — or, in modern copyright parlance, “consumed” or “used” it. Like the performer, composer, engineer, and technician, the “user,” too, must evolve. To

3 It may be worth noting that performers have traditionally earned a percentage of revenues from the sales of sound recordings, but not from every reproduction or public performance of their original rendition; ss. 15 & 16 of the Canadian Copyright Act, R.S.C. 1985, c. C-42 illustrate this point: <<http://laws.justice.gc.ca/en/C-42/39253.html>>.

4 Geoffrey Payzant, *Glenn Gould: Music & Mind*, 1st ed. (Toronto: Van Nostrand Reinhold, 1978).

the archetypal member of the digital-era listening public, our present-day User, Gould assigned the name, “The New Listener.” The “New Listener” would be no mere passive recipient of music; rather, he would be an active participant in every stage of his own musical experience.⁵ Gould primarily meant involvement in the manipulation of sound through a listening device — for example, a Graphic Equalizer. Present-day experience shows us that the involvement of the listener in the musical performance may occur in innumerable ways, from his choices about what to listen to and when, to the virtually infinite realm of possibilities for manipulating sound by genre musicians wanting to re-mix existing music into new forms,⁶ composers of electronic music, or skilled DJs.⁷ In the very act of “listening,” these “New Listeners” have themselves become something closely akin to performers and creators.

The result of these technological developments is a profound cultural transformation — though it is interesting to note that these changes to the modern way of thinking about creativity will already be familiar to representatives of non-Western cultures, many of which have long recognized the interchangeability of authorial, performance, and audience roles.⁸ Even the concept of jazz, with its mixed African and American roots, is based on intuitions about the mutual inspiration and shifting identity of composer, performer, and — at least in the form of musicians accompanying a soloist — listener.⁹ From the perspective of copyright law, this cultural shift has also generated fundamental uncertainties within

5 *Ibid.*

6 For an interesting example of a recent case involving one mixing technique — called by the rap music group who developed it, “Crisp Biscuit,” see *Confetti Records v. Warner Music UK Ltd.*, [2003] EWCh 1274 (Ch) [*Confetti Records*].

7 Electronic music and the role of DJs in its creative development was recently the subject of an eight-part CBC radio programme, “The Impact of Electricity on Music” *The Wire*, <www.cbc.ca/thewire>, (broadcast February 2005, to be re-broadcast July 2005).

8 This theme is explored in Mira Sundara Rajan, “Moral Rights in the Digital Age: New Possibilities for the Democratisation of Culture” (2002) 16(2) *Int’l Rev. Law, Computers & Tech*; an earlier version of the paper, presented to the 16th Annual Conference of BILETA (British & Irish Law, Education & Technology Assn, April 2001), <www.bileta.ac.uk/Document%20Library/1/Moral%20Rights%20in%20the%20Digital%20Age%20-%20New%20Possibilities%20for%20the%20Democratisation%20of%20Culture.pdf>.

9 For example, see Bill Evans’ discussion of “simultaneous improvisation” in the context of the jazz trio: Peter Pettinger, *Bill Evans: How My Heart Sings* (New Haven: Yale University Press, 1999).

the concepts underlying the accepted legal framework. In particular, technological change has radically altered the interrelations of creator, performer, user, and intermediaries like recording companies, broadcasters, and Internet service providers (ISPs).¹⁰

Against this background, how has the copyright community responded to the changing cultural status of performers? In view of international developments, do current plans for copyright reform in Canada — much celebrated as Glenn Gould's country of origin — offer the promise of an effective balance among the rights of performers, record companies, and listeners?

B. THE WPPT: AN UNCERTAIN FUTURE?

As in other areas of copyright law, reform of performers' rights in Canada, and elsewhere, is almost entirely driven by international developments.¹¹ In the case of performers' rights, the primary impulse towards reform comes from the *WIPO Performances and Phonograms Treaty* (WPPT), prepared by the World Intellectual Property Organization (WIPO) in 1996, and entering into force in 2002.¹² The Treaty deals exclusively with performances of sound, or "audio" performances; the notable exclusion of audiovisual works, particularly film, reflects the politics surrounding its adoption.¹³ With the

¹⁰ Mira T. Sundara Rajan, above note 8.

¹¹ Notably, the desire for membership in the World Trade Organization (WTO) has been the primary drive behind intellectual property reform in less-developed jurisdictions: noteworthy examples of countries involved in copyright reform based on the requirements of the Agreement on Trade-Related Aspects of Intellectual Property Rights of the WTO include Russia, China, and India. See "Annex 1C: Agreement on Trade-Related Aspects of Intellectual Property Rights," *Marrakech Agreement Establishing the World Trade Organization*, 15 April 1994, (1994) 33 I.L.M. 1197, <www.wto.org/english/docs_e/legal_e/27-trips_01_e.htm> (entered into force 1 January 1996), [TRIPs Agreement].

¹² *WIPO Performances and Phonograms Treaty* (WPPT), 20 December 1996, WIPO Treaties and Contracting Parties, <www.wipo.int/treaties/en/ip/WPPT/trtdocs_woo34.html> [WPPT].

¹³ The bitter debate between the US and European Union countries over the possibility of including audiovisual works is summarized by Pamela Samuelson, "The U.S. Digital Agenda at WIPO" (1997) 37 Va. J. Int'l L. 369, 371–72. The role of the US film industry in international copyright negotiations, more generally, is described by David Nimmer, "Conventional Copyright: A Morality Play" (1992) 3 Ent L Rev 94; the issues receive a detailed treatment in Stephen Fraser, "Berne, CFTA, NAFTA, & GATT: The Implications of Copyright *Droit Moral* and Cultural Exemptions in International Trade Law" (1996) 18 Hastings Comm. & Ent. L.J. 287.

WIPO Copyright Treaty, the WPPT constitutes a pair of instruments known collectively as the *WIPO Internet Treaties*.¹⁴

1) *WPPT and the Digital Millenium Copyright Act*¹⁵

Implementation of the WPPT is of primary concern to the Canadian government, but its task is greatly complicated by the contradictions inherent in the Treaty’s own approach to performers’ rights. In the world of international copyright and “neighboring” rights law, the WPPT has a complex and mixed significance. At least in part, its multi-faceted character is a reflection of ambivalent US policy in relation to the development of international copyright rules.

On the one hand, by bringing Internet downloading of performances into the copyright fold and making it a restricted activity to be controlled by the copyright-holder, the Treaty represents a major step forward on the international scene for the United States copyright lobby. The attempts of the Recording Industry Association of America (RIAA), in particular, to extend copyright protection to virtually every use of recorded music represents a highly specific conception of copyright.¹⁶

To a layperson, knowledge would appear to fall naturally into an intellectual commons — all the more so in the environment of digital technology, where works of knowledge have become widely available to the public with unprecedented ease.¹⁷ Copyright law seeks to assure the livelihood of authors; in practice it increasingly acts to maintain the economic viability of the industries which invest in the publicizing of works, notably, those

14 *WIPO Copyright Treaty*, WIPO Treaties and Contracting Parties, <www.wipo.int/treaties/en/ip/WCT/>. The WCT entered into force in March 2002, the WPPT in May of the same year. Reinbothe & von Lewinski provide a detailed introduction to the two treaties in Jorg Reinbothe & Silke von Lewinski, *The WIPO Treaties 1996: The WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty — Commentary and Legal Analysis* (London: Butterworths, 2002).

15 *The Digital Millennium Copyright Act*, Pub L No. 105-304, 112 Stat 2860 (28 October 1998); see overview of the legislation “The Digital Millennium Copyright Act of 1998,” United States Copyright Office, <www.copyright.gov/legislation/DMCA.pdf> [DMCA].

16 The role of the RIAA is discussed in detail in subsequent sections of this chapter: see below note 32 and accompanying text.

17 The idea of an intellectual commons that should remain beyond the reach of private ownership in the form of copyright law is at the heart of the Creative Commons movement founded by Lawrence Lessig. See Creative Commons, <<http://creativecommons.org/>>.

involved in the giant industries of book publishing and recorded music. As such, copyright is a package of rights carved out of the public domain for the benefit of copyright industries, with the original authors of creative and intellectual work, for their part, deriving a benefit that is deeply rooted in copyright theory.¹⁸ This exception to public access may be justified to a greater or lesser degree, depending on a wide variety of circumstances — historical, cultural, and personal.¹⁹ Moreover, in the Digital Age, the nature of these rights as an artificial legal construct is more clearly apparent than ever before: where virtually no technological limits to access exist, the success of copyright restrictions is almost entirely dependent on moral imperatives, and a sense of obligation among the general public that it “should” respect copyright limitations. However, this concept of copyright as an exception to public access finds direct opposition in the position advocated by the RIAA and like-minded interest groups: for them, copyright is the point of departure, extending inevitably to all uses of a work of knowledge, with the public interest an exception carved out of the sphere of private ownership.

Clearly, the concept of overarching copyright control for all “uses” of a performance greatly extends the scope of copyright. This tendency is

18 The traditional justification for copyright, particularly in the common-law world, is its role in providing economic incentives to create works. In practice, however, the author's right is exercised through licensing contracts with publishers. The majority of the economic benefit from copyright protection therefore flows to the publisher, while a percentage returns to authors in the form of royalty payments. Typically, the proportion of earnings from copyright works that are paid as authors' royalties is exceedingly small — 2.5 to 5 percent.

19 There are also a number of interesting historical examples of the opposite phenomenon — refusing to restrict any aspect of access to a work because public availability is overwhelmingly important. The policy of declaring state ownership of important works in the interest of making them accessible to the public was a feature of post-Revolutionary Russia; the concept of actually giving copyright ownership to the public was experimented with in post-Independence India, in the case of an Indian National Poet. On Russia, see Mira T. Sundara Rajan, “Copyright and Free Speech in Transition: The Russian Experience” in Jonathan Griffiths & Uma Suthersanen, eds., *Copyright and Free Speech: Comparative and International Analyses* (Oxford: Oxford University Press, 2005) at ch. 13, paras. 13.27–13.32.; C. Prins, “Emile Zola Receives an Answer: The Soviet Union Is to Join the Berne Convention” (1991) 13 (7) *European Intel. Prop. Rev.* 238, 239–40. The Indian case is described in Mira T. Sundara Rajan, “Moral Rights in the Public Domain: Copyright Matters In Works of Indian National Poet C. Subramania Bharati” (Jul 2001) *Sing. J. Leg. Stud.* 161, <<http://law.nus.edu.sg/sjls/sjls2001j.htm>> (Abstract).

supported by *WPPT*’s emphasis on the legal sanctity of technological measures for the protection of copyright control,²⁰ and “digital rights management” information (DRMs), which helps to trace the true provenance of a work.²¹ In these elements, *WPPT* closely reflects the measures for copyright enforcement in the United States *Digital Millennium Copyright Act* (1998), itself a direct achievement of the powerful American copyright lobby.²² Indeed, many observers argue that *WPPT* is effectively an extension of American copyright ideology into the international sphere.

On the other hand, *WPPT* also represents an important departure from US copyright practice. While it is true that *WPPT* introduces unprecedented restrictions on the use of performances, this tale tells only part of the Treaty’s story. *WPPT* also introduces new rights for performers, some of which particularly seem to seek the improvement of conditions of life for the individual performer. In particular, *WPPT* takes the unprecedented step of creating a so-called “moral right” for performers, a first in the history of international copyright law. However, it does so with a nod towards US concerns by limiting the scope of moral rights in certain ways.

2) Moral Rights in the *WPPT*

Moral rights, an awkward translation of the French *droit moral*, bring a new dimension to copyright law. The term refers to rights which stand in contrast to the economic benefit offered to authors by much of common-law copyright, and instead, protect the non-economic interests of authors in their work.²³ Through the *Berne Convention*, they have become a

20 *WPPT*, above note 12 at Arts. 18 & 19. “Anti-circumvention measures,” including encryption and watermarking, that allow us to identify, trace, and possibly restrict access to a work are explained in David Balaban, “The Battle of the Music Industry: the Distribution of Audio and Video Works via the Internet, Music and More” (Fall 2001) 12 *Fordham IP, Media & Ent LJ* 235, <www.lindabury.com/resources/Battle%20of%20the%20Music%20Industry.pdf> at 259–65.

21 See David Balaban, *ibid*.

22 *DMCA*, above note 14.

23 This does not mean, however, that the impact of moral rights is “non-economic”; indeed, their economic impact, in the form of lost sales revenues, investments, and rights, may be substantial. Though not emphasized in copyright debates, their economic dimension is probably among the most important reasons why the rights remain so controversial. For an interesting economic approach to moral rights, see Henry Hansmann & Marina Santilli, “Authors’ and Artists’ Moral Rights: A Comparative Legal and Economic Analysis” (1997) 26 *J. Legal Stud.* 95, <<http://cyber.law.harvard.edu/propertyoo/respect/hansmann.html>>.

standard part of the bundle of authors' rights recognized in international copyright agreements. Notably, in Article 6*bis* of the *Berne Convention*, an author's right to the attribution of his own work, and his right to protest actions that violate the integrity of his work — for example, by modifying it in a way that is “prejudicial to his honor or reputation” — have been included in the bundle of rights available to authors under international copyright agreements since 1928.²⁴

The ancestry of an international moral right for authors lies in the civil law systems of Continental Europe, and the rights have long been viewed with suspicion by common-law countries. Indeed, the *Berne* provisions include some important concessions to common law pragmatism. Subsection 2 of Article 6*bis* makes allowances for countries to protect moral rights through either statutory or non-statutory means, and also, to limit the protection of moral rights to the lifetime of the author. The provision was designed to accommodate the legal traditions of the common-law world, by deeming the protection of moral rights through common-law torts sufficient to satisfy the requirements of Article 6*bis*. For most of the twentieth century, the UK has relied on this provision to justify the absence of moral rights from its legislative scheme, opposition that was confirmed by a British government report during the 1950s.²⁵ Interestingly, a later review of the approach to moral rights led to an assessment that, in fact, the UK did not meet *Berne* requirements in this regard. The Whitford Committee Report of 1986 helped to pave the way for the historic provisions on moral rights adopted in the *Copyright, Designs, and Patents Act* of 1988, the first in British copyright legislation.²⁶

In its provisions on performers' moral rights, the *WPPT* follows an identical formula to that set out in *Berne*. Article 5 of the Treaty provides for the “Moral Rights of Performers.” Article 5(1) grants to a performer the right to be “identified as the performer of his performances,” and “to

24 Art 6*bis* of the *Berne Convention*, above note 1, on moral rights, was adopted in the 1928 Rome revision conference. For details of the proposals, see Sam Ricketson, *The Berne Convention for the Protection of Literary and Artistic Works: 1886–1986* (London: Kluwer, 1987), paras. 3.28 & 8.96–8.99.

25 Report of the Copyright Committee, 1952 (UK) Cmnd 8662, paras. 219–26, <www.bopcris.ac.uk/bopall/ref9312.html> (Abstract) [*Report of the Gregory Committee*].

26 *Copyright, Designs, and Patents Act*, 1988 (UK) c 48, <www.opsi.gov.uk/acts/acts1988/Ukpga_19880048_en_1.htm> [CDPA]. White Paper on Intellectual Property and Innovation, 1952 (UK) Cmnd 9712, [*Report of the Whitford Committee*]. Moral rights were, however, known to the common law: see the seminal early case of *Millar v. Taylor* (1769), 4 Burr. 2303, 98 Eng. Rep. 201 [K.B. 1769].

object to any distortion, mutilation or other modification of his performances that would be prejudicial to his reputation.” In doing so, the Article provides for the rights of attribution and integrity granted in the *Berne Convention* to be extended to performers; like Article 6bis, it also limits the performer’s right to make an integrity-based claim to situations where changes to the work can be shown to have a negative impact on the performer’s reputation.²⁷ Similarly, Article 5(2) parallels Article 6bis(2) of the *Berne Convention* in allowing common-law countries, at least in relation to some part of the rights, to substitute tort protections for statutory moral rights.²⁸

In recent years, the United States has become the chief opponent of recognizing authors’ moral rights, bringing a somewhat schizophrenic quality to its quest for leadership in the drive to realize dramatic improvements of copyright standards in the international community.²⁹ If it is true that the WIPO Internet Treaties are primarily a vehicle for the expansion of American practices relating to the implementation and enforcement of copyright, how have moral rights found their way into this scheme?

While the American position on moral rights is far from settled, it is possible to make at least two noteworthy observations about the approach to performers’ rights in the *WPPT*. First, performers’ moral rights do not apply to all types of performances: in the words of the Treaty, they apply only to “live aural” performances. Clearly, this terminology excludes at least one major category of performances, that of audiovisual performances. The exclusion of performers’ moral rights from audiovisual works responds to the concerns of America’s powerful film industry, voiced by the Hollywood lobby at the time of the United States’ accession to the *Berne Convention* in 1988.³⁰ In some sense, therefore, the moral rights provisions in the *WPPT* respond to US concerns about the expansion of moral rights. Moreover, they do so in a way that is consistent with an appar-

27 Not every country in the world limits the moral right of integrity in this way, but some consider any change to work that is carried out without the author’s consent and approval to be a *prima facie* violation of the integrity right. For example, see France’s *Code de la propriété intellectuelle*, Art L121.1, <www.celog.fr/cpi/lv1_tt2.htm> [CPI].

28 Sam Ricketson, above note 24 at paras. 3.28, 8.94–8.99.

29 The ambiguous US position is discussed by David Nimmer, “Conventional Copyright: A Morality Play” (1992) 3 Ent. L. Rev. 94.

30 The voice of the American film lobby in the debate surrounding Berne accession is described by Nimmer, above note 13. Fraser, above note 13, analyzes in detail the specific issue of moral rights in film.

ent US trend towards greater specialization in the area of moral rights, achieved by making them available to specific types of authors and works, but not others, as in the case of the federal *Visual Artists' Rights Act* and its extensive implementation in California.³¹

Second, the perception of US industry about the significance of performers' moral rights in the *WPPT* is not entirely clear. In particular, the Recording Industry Association of America (RIAA) is interested in expanding the rights of copyright-holders in sound recordings as far as possible.³² It may perceive the adoption of moral rights for performers as being in its advantage. For example, in moral rights, it may sense a new opportunity to expand copyright protection, either through the co-operation of the performers whom it represents, or, very controversially, through the potential ability of record labels to assert moral rights on their behalf. The theory of moral rights should make the latter eventuality impossible, since moral rights are always personally linked to the author and, therefore, may only be exercised directly by him. Only after the author's death may they be asserted by anyone else — in this case, his descendants, or a personally-designated representative. However, copyright theory and practice are in a state of flux, and there is no guarantee that moral rights will continue to be applied in a pure, or even conceptually consistent, manner in the modern copyright arena. Nowhere is this uncertainty greater, with respect to moral rights, than in the United States, where the idea of a moral right for authors is relatively underdeveloped.

3) The New WIPO: A Mouthpiece of American Copyright Policy?

In the world of international copyright law, the *WIPO Treaties* represent an experiment in progress. Since 1967, WIPO has been the specialized agency of the United Nations charged with administering the major international treaties on intellectual property law, including the *Berne Convention* on copyright and related to rights, and, as in the case of successive revisions to *Berne* throughout the twentieth century, with the development of substantive law in this field. When the World Trade Organization

31 For a detailed discussion of US lobbying at negotiations for the *WPPT*, see Samuelson, above note 13. *Visual Artists Rights Act of 1990*, 17 U.S.C. §106A (amendment to the US Copyright Act of 1976), <www.copyright.gov/title17/92chap1.html#106a> [VARA, *Visual Artists Rights Act*].

32 See text accompanying above note 16.

was founded in 1994, the WTO attempted to take over at least part of this mandate as its own, particularly in relation to the development of substantive copyright norms and their enforcement. The WTO approach to intellectual property rights was crystallized in the *Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs)*, one of the founding agreements of the Organization and, in combination with a powerful international trade-dispute settlement mechanism which allows the imposition of trade penalties across any area of trade covered by the WTO, a keystone of its revolutionary architecture.³³ Not surprisingly, the shift from WIPO to WTO has had a number of controversial implications. It signifies a movement from what was arguably a public-policy oriented approach to copyright through a system of conventional treaties, to a private law framework that would emphasize the international economic profitability of copyright industries, including sectors at both the technological and cultural ends of the copyright spectrum. Moreover, in the light of the ongoing revolution in digital technology, the WTO attempts to modernize both the substance of copyright law, and approaches to its implementation and enforcement. In doing so, it has left many questions unanswered about the significance of the proposed changes for economic, social, and cultural issues in the developing world.

Great uncertainty about WIPO's continued role in the international regulation of intellectual property followed the adoption of the *TRIPs Agreement*. The genius of *TRIPs* is that the Agreement, rather than attempting what would surely have been a futile effort to dislodge WIPO from its position of preeminence, instead supercedes the Organization, ironically enough, by appropriating its own expertise. *TRIPs* incorporates all of the substantive provisions of the *Berne Convention* by requiring its members to adhere to those provisions.³⁴ As a result, the knowledge accumulated by WIPO in its decades of activity now supplies the foundations

33 *TRIPs Agreement*, above note 10. Rochelle Cooper Dreyfuss & Andreas Lowenfeld are even stronger in their assessment of *TRIPs*; they argue that “... completion of the Uruguay Round was a miracle, a package deal with so large an agenda that no state or group of states, and no professional community, could fully grasp the significance of everything that was finally subsumed within the new General Agreement on Tariffs and Trade (GATT).” They go on to identify the inclusion of intellectual property in the WTO as one of “two major breakthroughs” achieved by the system.” See Rochelle Cooper Dreyfuss & Andreas F. Lowenfeld, “Two Achievements of the Uruguay Round: Putting *TRIPs* and Dispute Settlement Together” (1997) *Va. J. Intl. L.* 275, 276–77.

34 *Ibid.* at Art. 9.1.

for the WTO. WIPO's future was envisioned in rather uninteresting terms — at least, as far as intellectual property legislation was concerned — with its activities to be concentrated in very narrow and specialized areas. For example, WIPO was thought to be well-positioned for the provision of advice and assistance to the developing world in need of modernizing its copyright law, a role which it had been increasingly required to assume since the 1960s, as post-colonial jurisdictions emerged into independence on copyright-related matters in their own right.³⁵

By assuming a new role in the development of technologically-oriented legal instruments, WIPO has successfully reinvented itself for the Digital Age. What is unclear, however, is what price will be associated with this successful reincarnation. In certain key measures, the WIPO Internet Treaties closely resemble the United States *Digital Millennium Copyright Act* (DMCA) — in particular, its controversial provisions creating special offences for interfering with copyright protection technologies and “digital rights management” information that identifies the provenance of products in digital format.³⁶ Far from being an advocate for the rights of developing countries — another form in which public interest concerns arise in copyright law, given that the vast majority of the world's population lives in “developing” areas — WIPO seems to be profoundly influenced by American law and politics related to the copyright industries.³⁷ If the organization has indeed made a “Faustian bargain” with the US copyright lobby, how is this reflected in the WIPO Internet Treaties?

35 Rosemary Coombe describes some of WIPO's recent activities on this front, especially those involving the issues surrounding traditional knowledge in developing countries: see Rosemary Coombe, “Fear, Hope, And Longing for the Future of Authorship and a Revitalized Public Domain in Global Regimes of Intellectual Property” (2003) 52 DePaul L. Rev. 1171, 1177–79.

36 DMCA, above note 13 at s. 1202; WPPT, Arts. 18 & 19 require legal protection for anti-circumvention measures, and legal remedies against the removal of rights management information (which includes identification of the performer/producer, information about terms and conditions of use, “numbers or codes that represent such information”): Art. 12 of WCT addresses the protection of rights management information.

37 Indeed, concerns about the “Americanization” of WIPO are at the heart of the controversy surrounding a possible new WIPO Broadcasting Treaty: for example, see IPWatch, “WIPO Broadcasting Treaty Discussions end in Controversy, Confusion,” APC Africa ICT Policy Monitor (14 December 2004), <www.apc.org/english/rights/africa/index.shtml?apc=21868ie_1&x=29384>; opposing countries included India, Brazil, Argentina, Egypt, and Iran.

Through the Internet Treaties, the international copyright community has made a first attempt at providing a workable framework for the modernization, in the technological context, of copyright and neighboring rights. Given the opportunity to focus on technology and copyright, the Treaties had the potential to respond to a critical need. Indeed, many of their features point to a new approach to copyright, grounded in pragmatism, timeliness, and economy: in contrast to earlier international documents, these instruments are concise and concentrated. Moreover, entry into force was determined, unconventionally, by requiring a minimum of thirty signatories, a target that was not reached until five years after the Treaties were first drafted, in March and May of 2002 respectively.³⁸

However, the Treaties have proven to be controversial in a number of respects. Most importantly, rather than venturing into the full complexity and range of technological issues, their focus remains extremely narrow. The primary focus of the *Internet Treaties* is, indeed, the Internet, but they are particularly concerned with one fairly specific problem: how copyright law should be modified to cope with the ready availability of copyright-protected materials for download from the Internet. At the same time, the vast range of questions surrounding the new importance of performances, and the role of performers in a “digital” society, remain largely unanswered by the *WPPT*.

Countries which have signed onto the *WPPT* with a view to ratifying the Agreement thereby face a formidable challenge. There is an undeniable need to recognize the changing face of culture in the Digital Age, and this undoubtedly includes an exploration of the new significance of performers’ rights. The *WPPT* brings this question into focus. However, it provides for the expansion of performers’ copyright while offering limited guidance on the broader social policies which the new rights aim to implement and enforce. It is left to national governments to attempt to justify these rights in the context of their own policy needs at the domestic level, whether or not they are compatible with either the legal framework or cultural context of the country in question.

38 See “30th Accession Paves Way for Entry into Force of *WPPT* in May,” WIPO Press Release (21 February 2002), <www.wipo.int/wilma/pressinfo-en/200202/msg00003.html>.

C. CANADA'S PROPOSED RESPONSE: AN OPPORTUNITY MISSED?

The *WPPT* introduces a number of major innovations in the treatment of performers' rights that are not currently reflected in Canadian legislation. It does so in two ways, further developing the copyright benefits enjoyed by performers to mirror the rights traditionally held by true "authors," as well as creating new infringement offences derived from the technologically-based creation and dissemination of copyright works.³⁹ Changes to performers' rights in Canada will be accomplished through the creation of a new right of "making available" performances, specifically directed at Internet file-sharing; the extension of the term of protection for performances; and the introduction of moral rights for performers.⁴⁰ On infringement issues, if the government continues with its current plans, Canadian law will significantly extend the consequences of copyright infringement beyond situations of "classical copying," to include the availability of "all remedies ... that ... may be conferred by law for the infringement of a right" to the circumvention of technological measures designed to protect copyright, and the removal of rights management information which confirms the authenticity of a work.⁴¹

Of this range of new measures, the expansion of performers' rights signifies an important transformation of copyright concepts, while the proposed technological protection measures reflect purely practical concerns. However, both types of changes are equally significant in expanding the scope of

39 See "Government Statement on Proposals for Copyright Reform," Canada, Intellectual Property Policy Directorate, <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp01142e.html>> [Government Statement].

40 Bill C-60, *An Act to amend the Copyright Act*, House of Commons of Canada, 1st Session, 38th Parliament, 53-54 Elizabeth II, 2004-2005, <www.parl.gc.ca/38/1/parlbus/chambus/house/bills/government/C-60/C-60_1/C-60-3E.html>, ss. 2 [revised s. 2.4 (1) (a)], 23 [revised ss. 23 (1)-23 (3)], and 17.1 & 17.2 [revised ss. 15, 28.2, & 19]. See also Government Statement, *ibid.*, list of proposed amendments.

41 Bill C-60, *An Act to amend the Copyright Act*, House of Commons of Canada, 1st Session, 38th Parliament, 53-54 Elizabeth II, 2004-2005, <www.parl.gc.ca/38/1/parlbus/chambus/house/bills/government/C-60/C-60_1/C-60-3E.html>, s. 34.01(1) on rights-management information, and ss. 34.02(1) & 34.02(2) dealing with anti-circumvention measures. See also Government Statement, *ibid.*, and "Memorandum Concerning the Implementation in Canada of Arts. 11 & 18 of the WIPO Treaties Regarding the Unauthorized Circumvention of Technological Measures Used in Connection with the Exercise of a Copyright Right," Canada, Intellectual Property Policy Directorate (15 January 2004), <<http://strategis.gc.ca/epic/internet/inippd-dppi.nsf/en/ip01156e.html>>.

copyright protection available for performances. What are the implications of the proposed changes for the four parties potentially implicated in performances — composer, performer, record label, and public?

The stance of Canadian reformers leaves major questions unresolved and, in particular, it may fail to establish an appropriate balance for the Digital Age among these diverse interested parties.

1) “Making Available”: Performer v. User — Or Perhaps, Producer v. Everyone?

The Canadian government has decided to push forward on the new right of “making available” a work via the Internet, set out in Article 10 of the *WPPT*. The right is the very heart of the Treaty: recognizing the reality that much creative work, including musical performances, is now communicated and enjoyed via the Internet. Article 10 grants to performers an “exclusive” right of control over Internet transmission of their performances, expressed as “authorizing the making available to the public of their performances fixed in phonograms, by wire or wireless means, in such a way that members of the public may access them from a place and at a time individually chosen by them.”⁴² Article 14 of the Treaty creates a parallel right for producers of sound recordings.⁴³

The effect of these provisions is to make any unauthorized transmission of a performance via the Internet illegal. In this respect, the provisions seem specifically designed to confront the growing practice of “file sharing.” It has become a common practice in most advanced countries for the general public to obtain music for personal use and enjoyment by downloading and uploading files of musical performances. The technology was pioneered by Internet sites like Napster and Kazaa, with Napster

42 See Bill C-60 (*ibid.*), s. 2, introduces the right of making available “through telecommunication from a place and at a time individually chosen by [members of the public].” It should be noted that the term “phonograms” has long been used to designate sound recordings, though it is no longer current, and it permeates the history of international instruments on neighboring rights. Notably, see the primary international treaty on performers’ rights, the *Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations* of 26 October 1961: <www.wipo.int/treaties/en/ip/rome/trtdocs_wo024.html#P71_3633>.

Art. 3(b) of the Convention provides a helpful definition: “[P]honogram” means any exclusively aural fixation of sounds of a performance or of other sounds”

43 See Bill C-60 (*ibid.*), s. 10 [new s. 18(1.1) (b)].

becoming the first to face a major legal challenge from the American recorded music industry.⁴⁴

The development of the file-sharing technology has single-handedly transformed the music industry, generating a panic among industry leaders that their profits will be wiped out, while the public widely perceives this activity to be harmless and easily justified. The recorded music industry, led by the RIAA in the United States, has responded by the unprecedented strategy of launching lawsuits against private consumers. Disturbingly, many of these lawsuits have been settled out of court; they are claimed by the RIAA as a vindication of its legal and moral position, and are certainly the inspiration behind comparable lawsuits undertaken by sister organizations in the UK and Europe, as well as Canada.⁴⁵

The RIAA lawsuits are emblematic of the scope of the conflict between copyright industries and the public. Ultimately, the industry's failure to adapt to changed technological conditions is a major threat to the legitimacy of copyright law, which is increasingly seen by the public as a tool for the repression of public speech and creativity through the legally-sanctioned transformation of the public domain into the private sphere. It is interesting and important to note that major corporations in the recorded music industry have taken the lead in promoting a comprehensive making-available right. However, performers, themselves, are not a widely-heard constituency.⁴⁶ On the copyright front more generally, many writers and

-
- 44 **Napster case.** The United States Supreme Court is currently deliberating a case that promises to be a landmark decision on the issue of file-sharing, *Metro-Goldwyn-Mayer Studios (MGM) v. Grokster* 259 F. Supp. 2d 1029 (C.D. Cal. 2003), <<http://news.findlaw.com/hdocs/docs/mgm/mgmgrokster42503ord.pdf>>. See Katie Dean, "Camping out for the Grokster Case" *Wired News* (29 March 2005), <www.wired.com/news/digiwood/0,1412,67061,00.html>.
- 45 **For details of the Canadian Recording Industry Association lawsuit,** see "Appeal Dismissed in CRIA Lawsuit," 19 May 2005, The Canadian File-sharing Legal Information Network: <www.canfli.org/modules.php?op=modload&name=News&file=article&sid=30>; the site includes a number of useful links, including a link to the decision itself. On the activities of the British Phonographic Industry and the International Federation of the Phonographic Industry, see "UK music to sue online 'pirates'" *BBC News UK Edition Online* (7 October 2004), <<http://news.bbc.co.uk/1/hi/entertainment/music/3722428.stm>>; Charles Arthur, "New wave off lawsuits to hit 'illegal song-swappers'" *The Register* (12 April 2005), <www.theregister.co.uk/2005/04/12/new_file_sharing_lawsuits/>.
- 46 **For example, see Performers' Rights Review, Response to the Discussion Paper,** Ministry of Economic Development, Business Law & Trade, New Zealand: <www.med.govt.nz/buslt/int_prop/performers/cabinet/cabinet-03.html>, para. 36:

scholars in the developed world are standing up to their own publishers in favor of lesser copyright protection and improved access to their work.⁴⁷ One is led to wonder whether performing artists will be equally likely to support a more balanced vision of their rights — one that signifies a relationship of greater openness, co-operation, and trust between performers and their audiences.

Given the proposed changes to Canadian law, every act of file-sharing or uploading onto the Internet will potentially become illegal in Canada, though the amendments stop short of making the downloading of files, *per se*, illegal.⁴⁸ In adopting this stance, however, the government will be in danger of making poor policy that reflects short-term commercial considerations at the expense of long-term cultural and economic growth. This approach may have three distinct kinds of negative effects. First, by curtailing individuals’ rights of access to media and culture, the government may unwittingly find itself supporting the restriction of free expression, in this case, initiated by private rather than public censorship exercised by the major players in the copyright industries. Second, by supporting the approach of copyright industries towards improving their control of works by means of copyright law, government policy may be helping to suppress much-needed changes in the industry approach to copyright problems. A third, and rather ironic, implication of this approach will be to contribute to the discrediting of copyright law altogether, as the public comes to identify it ever more closely with the unconscionable restriction of free speech and knowledge through the artifice of copyright protection.

It is noteworthy that the Canadian government seems to be moving in the opposite direction to the courts. The Federal Court of Appeal, which has recently provided significant leadership on copyright issues, has now

Nearly all submissions, most of which came from producers or users of performances, commented that New Zealand would not benefit from implementing the additional economic and moral rights contained in the *WPPT* and the proposed *WAPT*. These submissions also suggested that foreign performers would be more likely to benefit than New Zealand performers through a net outflow of royalties that would result from conferring wider economic right to performers. *The small number of submissions from performers supported the extension of additional rights to performers.*

[Emphasis added.]

47 The Creative Commons, founded by Lawrence Lessig, is the most well-known of the anti-copyright movements around the world. See Creative Commons, <<http://creativecommons.org/>>.

48 For example, see Bill C-60 (above note 41), ss. 8 [new s. 15 (1.1) (e)] & 10 [new s. 18 (1.1) (b)].

made at least a preliminary decision that Internet downloading by individuals for their personal use should remain beyond the reach of copyright restrictions.⁴⁹ Amendments to the law are therefore likely to give rise to the additional problem of how Canadian judges may reconcile existing precedents with uncomfortable new legislative guidance.

2) Term of Protection: Recognizing the Creativity of Performers

Article 17 of the *WPPT* extends the term of protection for performances to fifty years from the time the performance was first recorded.⁵⁰ Previously, the norm for protection of performers' rights was set by the *Rome Convention* of 1961, at twenty years after the date of recording.⁵¹ The movement towards an extended time of protection for performances represents greater equality between performances and other authors who, in accordance with the *TRIPs Agreement*, enjoyed a minimum period of protection for their works of fifty years after their own lifetime.⁵²

49 *BMG Canada Inc v. John Doe*, 2004 FC 488, <www.p2pnet.net/cria/canada.pdf>, aff'd by the Federal Court of Appeal on 19 May 2005, in 2005 FCA 193, <<http://decisions.fca-cf.gc.ca/fca/2005/2005fca193.shtml>>. See also the earlier, landmark ruling on ISP liability in *Society of Composers, Authors and Music Publishers of Canada (SOCAN) v. Canadian Association of Internet Providers*, [2004] 2 S.C.R. 427, <www.canlii.org/ca/cas/scc/2004/2004scc45.html>.

50 In the language of the Treaty, "fifty years computed from the end of the year in which the performance was fixed in a phonogram."

51 *International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations*, 26 October 1961, WIPO Treaties and Contracting Parties, <www.wipo.int/treaties/en/ip/rome/trtdocs_wo024.html> at Art. 14 [*Rome Convention*]. Canada has been a member of the *Rome Convention* since 1998: for more information, see Copyright Board of Canada: Regulations, *Limitation of the Right to Equitable Remuneration of Certain Rome Convention Countries Statement* (SOR/99-143) 23 March 1999, <www.cb-cda.gc.ca/info/regulations/99143-e.html>. In the case of performances not made into recordings, the right would be calculated from the date of the performance.

52 The international norm of a term of protection has now become seventy years after the death of the author, primarily due to the extension of copyright term by the European Union in its Term Directive: *Copyright (Harmonization Duration of Protection)*, Council Directive 93/98/EEC, 29 October 1993, <www.wipo.int/clea/docs_new/en/eu/eu023en.html#JD_EU023> harmonizing the term of protection of copyright and certain related rights (24/11/1993), OJ L290/9 [*Term Directive*]. The extension of copyright term for twenty years beyond the current practice has been highly controversial in the United States, leading to a constitutional challenge in the case of *Eldred v. Ashcroft*, 537 U.S. 186 (2003), <<http://caselaw.lp.findlaw.com/scripts/getcase.pl?court=us&vol=000&invol=01-618>>.

In its own terms, extension of the term of protection for performances reflects the growing status of performers in the Digital Age, and seems satisfying from the perspective of protecting human rights and promoting artistic equality. However, in conjunction with the other measures proposed by the government of Canada, there is a danger that an extended term of protection could contribute to excessive restrictions on public access to performances. Creative artists may find it particularly difficult to make use of existing works in their own, subsequent creative endeavors.⁵³ For example, the ability of a filmmaker to make use of recorded music in his soundtrack, or the use of musical performances in the production of a dance-drama, could be frustrated. An extension of term, as in the case of other aspects of performers’ rights protection, requires an effective balance with measures to protect the public interest, including, most importantly, an entrenched commitment to public access to knowledge.⁵⁴

3) Moral Rights: A New Democracy?

Like the improvement in term of protection for performances, the introduction of moral rights for performers signifies an attempt to bring greater recognition and status to their creative work. If term represents a quiet revolution, however, moral rights are a noisy explosion of festivities. No aspect of copyright law is more expressive of the special, and somewhat mystical, nature of creative authorship; no aspect is more closely guarded as the exclusive preserve of authors. The rights are inalienable, and, in jurisdictions where they have traditionally enjoyed strong protection, the waiver of moral rights is allowed only with the greatest disapproval, reluctance, and doubt.⁵⁵ The decision to extend these rights to performers means that, if only at a “spiritual” level, they have attained a degree of equality with authors.⁵⁶

53 In relation to recorded music, a person wanting to make use of it may typically face the problem of overlapping rights held by performer, record producer, and even broadcaster. Negotiating this web of rights clearly presents practical difficulties.

54 The proposed amendments specify the extension of term of protection for sound recordings; “the term of protection provided to performers in respect of their recorded performances would be modified in consequence.”

55 See France’s *CPI*, above note 27 at Arts. L121.1–121.9.

56 The term is used by Ricketson, who follows French tradition in his reference to the “spiritual” quality of the relationship between author and his, or her, own work. See Staniforth Ricketson, *The Law of Intellectual Property* (Melbourne: Law Book Co., 1984).

While the move may be generally positive from the perspective of recognition for performers' rights, the new moral right raises a number of difficult issues. The Canadian government's proposed changes may not only lead to practical problems; it also threatens to generate striking legal incongruities. Perhaps more than any other area of performers' rights, moral rights require a highly nuanced legislative treatment.

The first difficulty with the proposed changes is one that is commonly recognized in relation to moral rights: their capacity to restrict unduly the freedom of access and thereby, expression, of the public. It is worth noting that the problem is not necessarily any more pronounced in relation to moral rights than in the case of economic rights. — and indeed, where economic rights allow powerful corporate interests to restrict freedom of expression, moral rights, given their theoretical inalienability, will only allow the author, personally, to do so. However, in an age of rapidly expanding copyright protection, the area of moral rights, particularly in the common-law world, is often perceived as a completely new front on which rights of authorship are expanding at the expense of the public domain. In Canada, as is the case in most common-law jurisdictions, moral rights are problematic because of ambivalent implementation of these rights into national law.⁵⁷ Just as measures to protect public access to works have traditionally been a feature of economic copyright, such as the British and American doctrines of "fair dealing" or "fair use," similar measures should be in place in any regime that attempts to grant serious recognition to moral rights. For example, in the case of authors' moral rights, France includes a specific exception for parody in its copyright legislation.⁵⁸ In the case of performers' moral rights, because of the potential importance of performances in the creation of new artistic works, the development of appropriate safeguards is an important policy question. The moral right of performers should perhaps be balanced by specific limits designed to accommodate the use of performances in subsequent creative works. For example, an intent to derogate the work may be introduced as a requirement of the offence, or access to remedies may be limited, in the case of a moral rights dispute, to measures that favour the continued circulation of the new work.

57 A classic illustration of the situation is the UK *CDPA*, above note 26; in implementing moral rights, the Act establishes such a complex legislative scheme, including extensive exceptions and provisions for waivers, that it is questionable whether the UK is in fact in conformity with its obligations under Art. 6*bis* of the *Berne Convention*, above note 1. See c. IV on Moral Rights, ss. 77–89.

58 See France's *CPI*, above note 27 at Art. L122–5(4).

Similarly, the moral right of performers should be explicitly protected against exploitation by persons other than the original performer — an issue that has not been entirely clear in the case of authors’ moral rights, in the common-law world. The performer’s moral right should specifically remain inalienable, while waivers of the right should be granted minimal scope.

Perhaps the most puzzling aspect of the new performer’s right in Canadian law is, ironically, the fact that it threatens to eclipse the moral rights of authors. If the Canadian government enacts the right in full compliance with Article 5 of the *WPPT*, it will have to do so with clear limits on the ability of performers to alienate or, importantly, waive their rights. However, under Canadian law, similar restrictions do not apply to the author’s moral rights: largely unchanged since their adoption in 1931,⁵⁹ Canada’s moral rights provisions make allowance for comprehensive waivers, lending doubt to their practical impact. Indeed, in the history of Canadian copyright jurisprudence, there has only been one unequivocally successful ruling on moral rights: the celebrated *Snow* case of 1982, in which the artist’s right to protect his sculpture of Canada geese from a festive decoration of ribbons was upheld by an Ontario court.⁶⁰ The creation of a performer’s moral right to meet Canada’s obligations under the *WPPT* could therefore lead to the extremely odd situation where performers’ moral rights would enjoy better and more secure protection in Canadian law than those of traditional authors. From a public interest perspective, a chaotic system of protection for moral rights would lead to unpredictability about the nature and scope of authors’ and performers’ abilities to protest the re-use of their works. Here too, the proposed changes to Canadian law present a great need and a difficult challenge in protecting the public interest.

D. CONCLUSION

More than three decades ago, a Canadian visionary foresaw the transformation of the art of music performance under the revolutionary influence of a new technology, digital sound recording. The Digital Age has since blossomed, and the *Performances and Phonograms Treaty* drafted by WIPO presents Canada with an important opportunity to confront the issues

59 Vaver points out that amendments in 1988 were responsible for “clarifying and expanding [their] operation.” See David Vaver, *Intellectual Property Law: Copyright, Patents, Trade-Marks* (Toronto: Irwin Law, 1997).

60 *Snow v. The Eaton Centre Ltd.* (1982), 70 C.P.R. (2d) 105 (Ont. H.C.J.).

involved in digital-era performances, and undertake the essential labour of modernizing Canadian copyright provisions dealing with performers' rights. However, in its implementation efforts, the Canadian government is at risk of forfeiting its chance to develop policies in an area that is of growing importance from many perspectives — cultural, social, and political, as well as economic. The Canadian government's position will not only affect Canada, but it will send an important signal to the international community, where Canadian law is increasingly influential.⁶¹

In its haste to keep pace with the most advanced international standards, Canadian reform of performers' rights is in rapid pursuit of facial conformity with the requirements of the *WPPT*. Canada is not alone in this approach: copyright reform in most regions of the world, including developing and so-called "transitional" countries whose legal and social systems diverge greatly from current international norms, is proceeding on much the same basis. However, the short-term economic rewards of the rush to implement the WIPO Internet Treaties may be more than outweighed by the longer-term sacrifice of the public interest in creative expression. Glenn Gould saw the Digital Universe as one of endless creative possibilities; without the co-operation of the law, however, it threatens to become an intellectual and creative Wild West. Nowhere is this danger more apparent than in relation to performances — in both the artistic and legal senses, perhaps a last frontier.

61 In some respects, Canadian intellectual property law has not only been trend-setting, but it has also been controversial: see, for example, the Canadian Supreme Court decision in *Harvard College v. Canada (Commissioner of Patents)*, [2002] 4 S.C.R. 45, <www.lexum.umontreal.ca/csc-scc/en/pub/2002/vol4/html/2002scr4_0045.html> where Canada has taken a deliberately cautious approach, and one that differs fundamentally from American and European treatment of the issues surrounding the patentability of life-forms.

Filtering the Flow from the Fountains of Knowledge:

Access and Copyright in Education and Libraries

Margaret Ann Wilkinson*

A. INTRODUCTION¹

Since 1997 the Canadian *Copyright Act*² has contained specific exceptions to the rights of copyright holders which are only available to defined, targeted institutions. As recently as March 2005, in their joint *Government Statement on Proposals for Copyright Reform*,³ the Ministers of Industry and Heritage signalled an intention to continue singling out particular institutions for special treatment under the copyright regime. The recent Bill C-60 further demonstrates this intent.⁴ Given the current minority government,⁵ it remains uncertain whether the proposed enactments will be

* The author would like to thank law student Jordan Cutler for research support in the preparation of this chapter. The author's research is supported through the Social Sciences and Humanities Council of Canada.

1 This chapter discusses the Canadian copyright environment as at 1 July 2005.

2 *Copyright Act*, R.S.C. 1985, c. C-42. <<http://laws.justice.gc.ca/en/C-42>>.

3 Canada, Ministries of Industry and Canadian Heritage, *Government Statement on Proposals for Copyright Reform* (March 2005). <http://pch.gc.ca/progs/ac-ca/progs/da-cpb/reform/statement_e.cfm> [Statement].

4 Bill C-60, *An Act to amend the Copyright Act*, 1st Sess., 37th Parl., 2005, 1st session, 38th Parliament, First reading 20 June 2005. <www.parl.gc.ca/38/1/parlbus/chambus/house/bills/government/C-60/C-60_1/C-60-3E.html>.

5 The final distribution of the 308 seats after the election was: Liberals 135 seats, Conservatives 99, Bloc Quebecois 54 (all from the province of Quebec), and New Democratic Party 19. Also elected was 1 independent member, from British

enacted. Nonetheless, it is important to discuss and comment upon the ongoing approach of government to limit certain copyright exceptions to particular institutional contexts.

Not only are its reforms to be limited to particular institutional contexts, but the Government Statement also declared that “[t]he Government supports the use of leading-edge technologies in education and research” and, therefore, that the proposed federal bill introducing copyright change “will propose *certain* measures that will facilitate the use of the Internet for these purposes” [emphasis added]. On the other hand, the government has deliberately refrained from making other proposals in this connection. One such absence occurs in the area of the Statement headed “Educational use of Publicly Available Internet Material.” In this area, the Statement points to the need for further consideration of “the implications of recent copyright decisions by the courts (notably the recent Supreme Court of Canada decision regarding fair dealing, *CCH v. Law Society of Upper Canada*)” before policy can be proposed. It is the argument of this chapter that the implications of recent decisions of the Supreme Court of Canada are much wider than the Government appears to believe and that analysis of these decisions remains an important factor in considering the proposals which the Government is putting forward, as well as in considering the issues which the Government proposes to defer. The chapter concludes by demonstrating that two of the proposed amendments in these areas are probably unnecessary, given the current state of the law, and the third is probably ill-timed and may also be ill-conceived.

B. BACKGROUND

In the 1980s there was a large round of consultations on copyright in Ottawa, which culminated in an important series of position papers.⁶ Out of

Columbia (who has since died of cancer, leaving a vacancy). Since 155 seats are needed to dominate the House, this has been a very interesting, if potentially short-lived, Parliament. Already the distribution of seats has changed, through defections, resignations and death. As of July 2005, the distribution is: Liberals 133 (through three defections — to sit as Independents — and one death and then success in one by-election and one defection from the Conservatives); Conservatives 98, Bloc Quebecois unchanged at 54, NDP unchanged at 19, Independents now 3 plus 1 vacancy.

- 6 The first federal discussion paper was *From Gutenberg to Teledon: A Guide to Canada's Copyright Revision Proposals* (Ottawa: Government of Canada, Consumer and Corporate Affairs, Department of Communications, 1984), which was followed by *A Charter of Rights for Creators* (Ottawa: Government of

this process, however, the first tangible statutory changes occurred only in 1988 and these changes, generally, enhanced the position of rightsholders in the copyright environment.⁷ One consequence of the reforms of 1988 has been the rapid creation and growth of collective societies representing the rightsholders of different aspects of the range of copyright interests originally bestowed by the *Copyright Act*. Prior to 1988, the two collectives then active in the music industry were the only major players of this type in the copyright policy environment.⁸ Now there are many.⁹

As the decade of the 1980s passed with no sign of the anticipated “Phase 2” legislative reforms, which it was thought would address users’ perspectives, those groups who had participated in the consultations representing the perspectives of information users and intermediaries, rather than copyright owners, were disappointed and disillusioned by the process.¹⁰ However, lobbying efforts continued, aimed at getting the federal govern-

Canada, Parliament, House of Commons, Sub-Committee on the Revision of Copyright, 1985).

- 7 For example, up until 1988, most copyright holders were discouraged from engaging in collective administration of their rights because of the threat of anti-combines prosecution pursuant to the *Competition Act*, R.S.C.1985, c. C-34. In 1988, however, s. 70.5(3) of the *Copyright Act* was added which provides: “Section 45 of the *Competition Act* does not apply in respect of any royalties or related terms and conditions arising under an agreement filed in accordance with subsection (2).” Immediately two large print collectives became very active in Canada: CANCOPY (which was incorporated as a federal non-profit organization in August, 1988), now AccessCopyright, for English language materials and UNEQ, now COPIBEC, for French language materials.
- 8 The Composers, Authors, and Publishers Association of Canada (CAPAC) and the Performing Rights Organization of Canada (PROCAN). With origins as early as 1925, the two joined together in 1990 to form the Society of Composers, Authors, and Music Publishers of Canada (SOCAN).
- 9 CANCOPY, now AccessCopyright, Christian Copyright Licensing Inc., Neighbouring Rights Collective of Canada, and so on. The Copyright Board of Canada maintains a list at <www.cb-cda.gc.ca/societies/index-e.html>.
- 10 In the controversy following the appearance of the *Charter of Rights for Creators*, groups representing user interests were persuaded that copyright reform was being packaged as a two-phase process. The first phase was to be Bill C-60 which, when enacted in 1988, created the amendments to the *Copyright Act* that largely favoured copyright owners. A second phase was promised, which was to focus on the needs of information users and intermediaries. The promised second phase, however, failed to appear in a timely manner. See Linda Hansen, “The Half-circled “C”: Canadian Copyright Legislation,” (1992) 19 Government Publications Review 137.

ment to enhance the position of users of copyrighted material under the statute.¹¹

At about the same time, however, changes were taking place in terms of Canada's international obligations in copyright. The *North American Free Trade Agreement* [NAFTA],¹² concluded between Canada, the United States, and Mexico in 1994, opened a new chapter in international relationships involving copyright.¹³ For the first time, Canada was involved in a more binding international trade agreement that included intellectual property (Chapter 17 of NAFTA). Although Canada had long been a voluntary member of the *Berne Convention*¹⁴ on copyright, NAFTA has brought copyright into an arena of possible trade sanctions for non-compliance, a level of enforcement of Canada's international copyright obligations that had not

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- 11 For example, the National Information Summit in Ottawa in 1992 was organized by the Canadian Library Association (CLA) and its francophone counterpart, L'Association pour l'Avancement des Sciences et des Techniques de la Documentation (ASTED), involving 171 delegates and 71 observers. As further evidence of these ongoing efforts, on the back cover of her *Demystifying Copyright: A Researcher's Guide to Copyright in Canadian Libraries and Archives* (Ottawa: Canadian Library Association, 2001), Jean Dryden is described as having "played a lead role in successful lobbying for exceptions for libraries, archives, and museums during the discussions leading to the 1997 amendments to the *Copyright Act*." This period of copyright policy development coincided with a period of intense government activity focused on the goal of developing a national information policy. The notion of the "information highway" was prominent in Canada. My former student Daniel Dorner won the American Society for Information Science Doctoral Dissertation Award for his empirical doctoral research which established, amongst other findings, that during this period Industry Canada held a far stronger policy influencing position than did its counterpart Canadian Heritage: see Daniel G. Dorner, "The Essential Services Policy Network: Organizational Influence in Canada's Information Highway Policy Development Process," (2002) 72 *Library Quarterly*: 27.
- 12 *North American Free Trade Agreement, Canada, Mexico and the United States*, 17 December 1992, Can. T.S. 1994 No. 2 (entered into force 1 January 1994) <www.NAFTA-sec-alena.org/DefaultSite/index_e.aspx?CategoryId=42>.
- 13 Although Canada and the United States had concluded the *Free Trade Agreement* in 1989, it did not affect copyright as it contained no provisions governing intellectual property. *Canada-U.S. Free Trade Agreement*, Canada and United States, 4 October 1987, (entered into force 1 January 1989) <www.dfait-maeci.gc.ca/tna-nac/documents/cusfta-e.pdf>.
- 14 Note that although Canada's first and only *Copyright Act* has been *Berne*-compliant since coming into force in 1924, the latest version of the *Berne Convention* which Canada had signed prior to 1994 was the 1928 Rome version; Canada declined to sign the 1948 Brussels, 1967 Stockholm, or 1971 Paris versions until its obligations under NAFTA and TRIPS changed its views.

previously been part of Canada's copyright policy environment. In particular, Article 1705(5) of *NAFTA* provides

Each Party shall confine limitations or exceptions to the rights provided for in this Article to certain special cases that do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder.¹⁵

Although copyright continues to be a responsibility shared between the Heritage and Industry ministers,¹⁶ it has become now also of greater concern in Foreign Affairs and International Trade portfolios.¹⁷ Immediately after becoming party to *NAFTA*, Canada was a founding member of the World Trade Organization and, as such, a party to the *Trade-Related Aspects of Intellectual Property Rights Agreement [TRIPS]*.¹⁸ Under this 1995 agreement, Article 13 provides:

Members shall confine limitations or exceptions to exclusive rights

- to certain special cases
- which do not conflict with a normal exploitation of the work
- and do not unreasonably prejudice the legitimate interests of the right holder.

15 *North American Free Trade Agreement, Canada, Mexico and the United States*, 17 December 1992, Can. T.S. 1994 No. 2 (entered into force 1 January 1994), Article 1705(5). <www.NAFTA-sec-alena.org/DefaultSite/index_e.aspx?CategoryId=42>.

16 David Emerson is currently Industry Minister, in his first term as an elected Member of Parliament and formerly Chief Executive Officer of Canfor, British Columbia's largest forestry company. It was speculated in the Canadian press, when Cabinet was named, July 19, 2004, that he has been brought into cabinet, in part, to represent the interests of big business. Liz Frulla is Minister of Canadian Heritage and Minister responsible for the Status of Women. A member of Parliament only since 2002, commentators have viewed her appointment to Heritage variously, as a fast-track advancement or as an indication of de-emphasis on the Heritage portfolio. A former television host, Ms. Frulla has also previously been Minister of Social Development and Quebec's Minister of Culture.

17 The Minister of Foreign Affairs now is Pierre Pettigrew, formerly federal Minister of Health. Jim Peterson, who had been Minister of International Trade, has remained in that portfolio. In the recent past, this portfolio has been a combined one, administered through the Department of Foreign Affairs and International Trade.

18 (1994), 33 I.L.M.1197. <www.wto.org/english/docs_e/legal_e/27-trips_01_e.htm>.

This is a mandatory provision, and, while other provisions might appear to ameliorate the demands of this section, they are couched only in permissive terms.¹⁹

TRIPS also incorporates by reference the provisions of the *Berne Convention* in its 1971 version, which Canada has now also signed,²⁰ independent of its WTO membership. Article 9 of the *Berne Convention* provides:

- (1) Authors of literary and artistic works protected by this Convention shall have the exclusive right of authorizing the reproduction of these works, in any manner or form.
- (2) It shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases, provided that such reproduction does not conflict with the normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author.

These new trade obligations in copyright appear to have had a great impact on government attitudes toward enlarging exceptions to the rights of copyright holders since such amendments now need to be assessed in light of their possible impact in the trade context. Given the longevity and strength of the publishing industry focused on the education sector, particularly the involvement of foreign publishers in this market in Canada, it might be difficult to establish that broad exemptions in this sector would “not unreasonably prejudice the legitimate interests of the author.”²¹ Thus the environment of consideration of copyright reform that had existed in the 1980s, when the “Phase I” copyright reforms occurred, was vastly different after 1994 and 1995 (and continues to be different); and the “Phase 2” reforms were still in abeyance.

¹⁹ Article 8, in particular, provides

1. Members may ... adopt measures necessary ... to promote the public interest in sectors of vital importance to their socio-economic and technological development, provided that such measures are consistent with the provisions of this Agreement.
2. Appropriate measures, provided that they are consistent with this Agreement, may be needed
 - to prevent the abuse of intellectual property rights by right holders or
 - the resort to practices which
 - unreasonably restrain trade or
 - adversely affect the international transfer of technology.

²⁰ Canada signed the 1971 Paris version of the *Berne Convention* in 1998.

²¹ Referring to the language in Art. 9 of the *Berne Convention*, just quoted.

Eventually, in 1997, special exceptions to the rights of copyright for (1) “educational institutions” and (2) “libraries, archives and museums” were added to the statute.²² However, these additional exceptions did not represent a universal triumph for the communities of educational institutions or of libraries, archives, and museums. Indeed, they split these communities because the exceptions created can only be enjoyed by those defined within the *Copyright Act* as members of each community.

With respect to educational institutions, only those defined as an “educational institution” in the Act enjoy the privileges of the exemptions in the Act, that is:

- (a) a non-profit institution licensed or recognized by or under an Act of Parliament or the legislature of a province to provide pre-school, elementary, secondary or post-secondary education,[or]
- (b) a non-profit institution that is directed or controlled by a board of education regulated by or under an Act of the legislature of a province and that provides continuing, professional or vocational education or training,[or]
- (c) a department or agency of any order of government, or any non-profit body, that controls or supervises education or training referred to in paragraph (a) or (b), or
- (d) any other non-profit institution prescribed by regulation.²³

With respect to the three communities of libraries, archives, and museums, which are actually quite separate communities in their own eyes,²⁴ the statute has lumped those who will enjoy the statutory exceptions to-

22 S.C. 1997, c. 24. The amendments with respect to “libraries, archives, and museums” did not come into effect until 1 September 1999. Other than the case of *CCH v. Law Society of Upper Canada*, 2004 SCC 13 <www.canlii.org/ca/cas/scc/2004/2004scc13.html>; [2004] S.C.R. 339, S.C.J. No.12, [2004] [CCH et al v. Law Society of Upper Canada cited to S.C.R.], these provisions do not appear to have been tested in court: there are no reported cases.

23 *Copyright Act*, above note 2, s. 2.

24 The libraries have been generally represented at the national level by the Canadian Library Association as well as through the National Library, the archivists by the Bureau of Canadian Archivists and through the National Archivist. Recently, the two national institutions of the National Library and the National Archives have been merged into one institution headed by the Librarian and Archivist of Canada. See *Library and Archives of Canada Act*, S.C. 2004, c.11, <<http://laws.justice.gc.ca/en/L-7.7/>>.

gether into one definition (now popularly referred to as “LAMs,” a term that will be used in the remainder of this chapter):²⁵

“library, archive or museum” means

- (a) an institution, whether or not incorporated, that is not established or conducted for profit or does not form a part of, or is not administered or directly or indirectly controlled by, a body that is established or conducted for profit, in which is held and maintained a collection of documents and other materials that is open to the public or to researchers, or
- (b) any other non-profit institution prescribed by regulation.²⁶

During the period of the last Parliament there were indications of legislative initiative in copyright, which culminated in the May 2004 *Interim Report on Copyright Reform* [2004 *Interim Report*].²⁷ The 2004 *Interim Report* specifically discussed technology-enhanced learning²⁸ and pointed out the copyright challenges “when information and communications tech-

25 In its recent decision involving the Law Society of Upper Canada, the Supreme Court of Canada went out of its way to point out that the Great Library of the Law Society of Upper Canada is a library which would fall under the purview of these exceptions, despite the fact that the facts of the case arose before the passage of these exceptions and so they did not apply in the case at bar before the Court. The Court found: “The Great Library is not established or conducted for profit. It is administered and controlled by the Benchers of the Law Society. Although some of the Benchers, when acting in other capacities, practice law for profit when they are acting as administrators of the Great Library, the Benchers are not acting as a body established or conducted for profit.” (*CCH et al. v. Law Society of Upper Canada*, above note 22, at para. 84.) As the Court phrases it (*CCH et al. v. Law Society of Upper Canada* at para. 83), to enjoy these exceptions, a library

- must not be established or conducted for profit;
- must not be administered or controlled by a body that is established or conducted for profit; and
- must hold and maintain a collection of documents and other materials that is open to the public or to researchers.

26 *Copyright Act*, above note 2, s. 2.

27 The process of copyright reform underway before the election is fully described in the recent House of Commons Standing Committee on Canadian Heritage *Interim Report on Copyright Reform*, released May 2004. Sarmite D. Bulte, M.P. (Liberal), Chair. <www.parl.gc.ca/committee/CommitteePublication.aspx?com=8792&Lang=1&SourceId=80836> [2004 *Interim Report*]. There had been some speculation that Ms. Bulte, who was re-elected, might be made Heritage Minister, but this did not happen. The then Minister of Canadian Heritage, Helene Scherrer, lost her seat in the election.

28 2004 *Interim Report*, above note 27, at Section F.

nologies are used to extend the reach of the classroom beyond its physical boundaries, such as in distance education, or to provide access to modern instructional media either on campus or away from the classroom.”

Meanwhile, during the period in which the 1997 legislative reforms were put in place and the consultations leading to the 2004 *Interim Report* were underway, the important lawsuit involving the legal publishers and the Great Library of the Law Society of Upper Canada was making its way through the Canadian courts, beginning in 1993 and culminating in the release of the Supreme Court of Canada’s decision on March 4, 2004.

As will be further discussed below, the Supreme Court of Canada in this decision appears to have rendered moot a number of the statutory provisions legislated in 1997 and may have introduced important limitations on Parliament’s ability to interfere in future with the current balance of interests in the *Copyright Act*. The Court has championed users’ rights as exceptions to the rights of copyright holders under the copyright regime. That users’ rights aspect of the public interest inherent in copyright, however, went utterly without recognition in the Heritage Committee 2004 *Interim Report*. In important areas of its policy recommendations, the Committee consistently endorsed the collective administration of copyright and recommended licensing as the solution to the tensions between copyright owners and users: for educational purposes²⁹ and with respect to interlibrary loans.³⁰

There is also an important case now pending before the Supreme Court of Canada in copyright: *Robertson v. Thomson Corporation, et al.*³¹ The majority judgment in the Ontario Court of Appeal found that the *Globe & Mail* newspaper *prima facie* infringed the copyright of freelance contributor Heather Robertson by including her work, not only in the newspaper, the *Globe & Mail* (and archives of it), but in other electronic databases.³²

It is against this background, then, that Industry Canada and Heritage Canada published their joint Statement and that the recent Bill C-60 has been put forward.

29 2004 *Interim Report*, above note 27, at Recommendations 4, 5, & 6.

30 *Ibid.*, at Recommendation 7.

31 Leave to appeal granted 21 April 2004.

32 *Robertson v. Thomson Corporation*, [2004] 72 O.R. (3d) 481 (C.A.) on appeal from *Robertson v. Thomson Corporation*, [1999], 171 D.L.R. (4th) 171 (Ont. Ct. Gen. Div.). Justice Weiler wrote the majority judgment, in which Justice Gillese concurred. Justice Blair dissented.

C. THE DIRECTIONS OF NEW REFORM

It is apparent at the outset, in examining the Statement and the subsequent Bill C-60, that the 2004 *Interim Report* has given way to a new political environment in Ottawa. In terms of proposals to be put forward in this context, the Statement first declared:

Amendments would permit educational institutions to use network technologies such as the Internet to deliver classroom instruction and material to students remotely, without incurring copyright liability.

And, in particular,

Current educational exceptions permit the performance or display, within the classroom, of certain copyright material as part of a lecture. The requirement that the performance or display be confined to the classroom would be removed to enable remote students to view the lecture using network technology, either live or at a more convenient time. Educational institutions would be required to adopt reasonable safeguards to prevent misuse of the copyright material.³³

And

Material that may be photocopied and provided to students pursuant to an educational institution's blanket licence with a collective society would also be permitted to be delivered to the students electronically without additional copyright liability, unless the licence in question provides for such delivery. Educational institutions would be required to adopt effective safeguards to prevent misuse of the copyright material.

Second, in terms of proposals, the Statement identified that

The Act currently permits, as part of an inter-library loan, the reproduction of certain copyright material (notably academic articles), provided, among other things, that the requesting patron receives only a paper copy.

The Ministers went on to propose an amendment, namely that:

33 This appears to parallel Option 2 on Technology-Enhanced Learning (Status Report Option 42(a)), identified but not adopted by the Committee in the 2004 *Interim Report* (above note 27).

The electronic desktop delivery of certain copyright material directly to the patron would be permitted, provided that effective safeguards were in place to prevent the misuse of the material or of the inter-library loan service.³⁴

On the other hand, it is interesting that the Statement also contained a section labeled “Educational use of Publicly Available Internet Material,” (as opposed to the section labeled “Educational and Research Access Issues” which we have just been discussing). With respect to the “Educational use of Publicly Available Internet material,” the Statement declared that the Canadian Government “recognizes that the Internet has become an important resource for students and teachers to conduct education-related activities.” Indeed, the Statement went on to say that “Internet material is often downloaded, reproduced or transmitted to students and teachers for the purposes of assignments, lessons and research.” The Statement prevaricated, however, about whether this is a permitted use: “Use of Internet material in the classroom setting *may* trigger copyright liability ...”[emphasis added]. In the end, however, the Statement declared that “this issue” will not be the subject of statutory reform at this time.

The Statement thus raises a number of questions with respect to education and interlibrary loans. Are “educational and research access issues” so materially different from issues involving the “educational use of publicly available Internet issues” that the first is susceptible to an immediate statutory solution while the second requires much longer study? Is it appropriate to continue to provide exceptions to the rights of copyright holders for particular educational institutions, libraries, archives, and museums, leaving other such institutions without similar exceptions? Are the proposed exceptions to the rights of copyright holders actually necessary given the current state of the law? Is the downloading, reproducing, and transmitting of Internet material by students and teachers for the purposes of assignments, lessons, and research a permitted use? If particular statutory exceptions for educational institutions and libraries such

34 This appears to be the first Option identified (and rejected in favour of the second) by the Committee in the 2004 *Interim Report* (above note 27): see Option 1 (Status Report Option 44(a)) on Interlibrary Loans. The Committee’s approach to interlibrary loans also involved expansion of the collective licensing regime, by introducing an extended compulsory licensing regime “where appropriate” (Recommendation 7) and otherwise encouraging “the licensing of the electronic delivery of copyright protected material directly by rights holders to ensure the orderly and efficient electronic delivery of copyright material to library patrons for the purpose of research or private study.” (Recommendation 7).

as those set out by the Statement are to be enacted, should educational institutions and libraries be required to put in place or adopt “reasonable” or “effective” safeguards?

D. THE CURRENT STATE OF THE LAW

1) Collective Administration of Copyright

In the copyright area, Canada has been increasingly relying upon an administrative regime to supplement and complement traditional copyright protection. It is an approach that is quite different from recent initiatives to broaden the reach of copyright laws in the United States. Canada’s approach is distinctive, relying upon recognition of, and legal protection for, the collective administration of rights. Canada has probably gone farthest in the world in this direction of enlisting administrative law to supplement the policy objectives of copyright.³⁵ The English language Canadian print collective, since its inception in 1988, has made steady inroads into the education sector, beginning with its flagship agreement, on August 1, 1991, with the Ontario Ministry of Education, and followed shortly thereafter by a similar agreement with the Manitoba Ministry of Education (December, 1991). That first, one-year license for reprographic uses of literary works in publicly-funded schools in Ontario netted the fledgling CANCOPY collective (now Access Copyright) \$2 million.³⁶

A central institution in these developments is the Copyright Board of Canada. It describes its own mandate as follows:

The Board is an economic regulatory body empowered to establish, either mandatorily or at the request of an interested party, the royalties to be paid for the use of copyrighted works, when the administration of such copyright is entrusted to a collective-administration society. The Board also has the right to supervise agreements between users

35 Evidence for this is the fact that, on Saturday, October 11, 2003, in Ottawa, the International Association of Copyright Administrative Institutions (IACAI) was founded during a meeting at a conference hosted by the Copyright Board of Canada — and it was evident during that conference that Canada was a world leader in this area.

36 See Margaret Ann Wilkinson, “Conflicting values in coping with copyright” (1992) 49 *Canadian Library Journal* 251.

and licensing bodies and issues licences when the copyright owner cannot be located.³⁷

The Supreme Court of Canada, particularly in the recent decision in *Society of Composers, Authors and Music Publishers of Canada v. Canadian Association of Internet Providers*,³⁸ has signaled its acceptance and approval of the role being played in Canada by the Copyright Board — and the Board itself is taking a leading role in organizing other similar administrative bodies worldwide.

The fact that Parliament, in the establishment and empowerment of the Board, and the Canadian courts, in endorsing it, appear to be providing support and encouragement to rightsholders through the establishment of an effective and efficient administrative apparatus is, however, only one aspect of these developments. The Board is a quasi-judicial tribunal with a clear vision of its responsibility to the public interest — a public interest that includes the rights of users as well as copyright holders:

The Board must consider the underlying technologies (such as the Internet, digital radio, satellite communications), the economic issues and the interests of owners and users in order to contribute, with fair and equitable decisions, to the continued growth of this component of Canada's knowledge industries.... The key objective of the Board is to set royalties which are fair and equitable to both copyright owners and users of copyright-protected works.³⁹

The Supreme Court of Canada may have been prepared to accept and recognize that this administrative Board has an ongoing role with respect to protecting user interests under the copyright regime, in the context of the administration of the collective rights of rightsholders. But the Court has also signaled, in the *CCH v. Law Society of Upper Canada* decision, that there lies inherent within the notion of copyright itself another sphere of user rights which are *exceptions* to the rights of rightsholders — where licenses are not required and where uses are free to all at any time. This is

37 <www.cb-cda.gc.ca/aboutus/mandate-e.html>.

38 *Society of Composers, Authors and Music Publishers of Canada v. Canadian Association of Internet Providers*, 2004 SCC 45, [2004] S.C.J. No. 44, [2004] 2 S.C.R. 45 [Tariff 22 cited to S.C.J.].

39 Copyright Board Canada, Performance Report for the period ending 31 March 2003, <www.tbs-sct.gc.ca/rma/dpr/02-03/CB-CDA/CB-CDA03D-PR_e.asp?printable=True> at Section II: Departmental Context — Organization, Mandate and Strategic Outcomes.

an arena of user rights that the Court will delineate and which lies beyond the sphere of influence of the Copyright Board:

The availability of a licence is not relevant to deciding whether a dealing has been fair ... fair dealing is an integral part of the scheme of copyright law in Canada. Any act falling within the fair dealing exception will not infringe copyright. If a copyright owner were allowed to license people to use its work and point to a person's decision not to obtain a licence as proof that his or her dealings were not fair, this would extend the scope of the owner's monopoly over the use of his or her work in a manner that would not be consistent with the *Copyright Act's* balance between owner's rights and user's interests.⁴⁰

2) The Position of Educational Institutions, Libraries, Archives, and Museums with Respect to Exceptions of General Application

a) *CCH v. Law Society of Upper Canada*

This landmark 2004 decision directly involved the exceptions to the copyright holders' rights legislated in the *Copyright Act*. The decision marked the resolution of a long-standing dispute between a group of Canadian legal publishers (CCH Canadian Ltd., Thomson Canada, including Carswells, and Canada Law Book),⁴¹ and the governing body for lawyers in the province of Ontario, the Law Society of Upper Canada. The case concerned the operation of the Great Library at Osgoode Hall in Toronto,⁴² home of the Law Society and traditional seat of the province's courts. The Great Hall library has photocopy machines available for the use of patrons and also operates a custom photocopy service through which library staff copy and deliver (in person, by mail, or by fax) various materials from the collection

40 *CCH v. Law Society of Upper Canada*, above note 22, at para.70.

41 In 1993, when this action was commenced, the Canadian legal publishers had not joined the English-language print collective in Canada. All the legal publishers involved in the action had become members of AccessCopyright by the time the case came before the Supreme Court. AccessCopyright was an intervener before the Court, as was the French language print collective, COPIBEC. The other interveners in the same interest were the Canadian Publishers' Council and the Association of Canadian Publishers. The other intervener was the Federation of Law Societies of Canada.

42 Under the direction of Janine Miller, Director of Libraries for the Law Society of Upper Canada.

which are requested by Law Society members (lawyers), the judiciary, and other researchers.

The case began in 1993. The legal publishers sought a declaration of their copyright in a sample of their publications, representative of the various types of publications they produced, and an injunction prohibiting the Law Society of Upper Canada from continuing the Library's activities. The Law Society not only filed a defence to the action, but also launched a counter-claim seeking a declaration that the Library's activities fell within the purview of the research element of "fair dealing" under the *Copyright Act*.⁴³

The judgment of first instance, at the Federal Court Trial Division, found for the publishers, in part, and dismissed the Law Society's counter-claim.⁴⁴ That judgment held for the publishers only in respect of a selection of the various materials in which infringement had been alleged — and therefore virtually guaranteed appeals from both sides. And, indeed, both the publishers and the Law Society appealed.

The Federal Court of Appeal then found entirely for the publishers and dismissed the Law Society's cross-appeal.⁴⁵ Again, both sides appealed: the Law Society appealing the finding that the Society had infringed the legal publishers' copyrights and the legal publishers cross-appealing the finding that the infringement lay only in reproducing their copyrighted works. The legal publishers, on the cross-appeal, primarily sought additional relief for infringements of their copyrights by the Law Society through the Law Society's faxing of the legal publishers' copyrighted works to patrons and, as the legal publishers viewed the terms of the custom photocopy service, through the Law Society selling the copies.

The judgment of the nine-person, full panel Supreme Court of Canada was unanimous and was written by the Chief Justice. Despite the fact that the Court accepted the legal publishers' contention that they held copyright interests in all the works involved in the case, the Law Society prevailed entirely in the result.

As mentioned, this litigation was based upon facts presented in 1993, before the exceptions for "libraries, archives and museums" or "educational institutions" had been legislated and the Supreme Court held the later exceptions were not available to the Law Society of Upper Canada in

43 *Copyright Act*, above note 2, s. 29.

44 *CCH et al. v. Law Society of Upper Canada*, [2002] 2 F.C. 451, 169 F.T.R. 1, 179 D.L.R. (4th) 609, 2 C.P.R. (4th) 129, 72 C.P.R. (2d) 139, 199 F.C.J. No. 1647.

45 *CCH v. Law Society of Upper Canada*, [2002] 4 F.C. 213, 212 D.L.R. (4th) 385, 289 N.R. 1, 18 C.P.R. (4th) 161, [2002] F.C.J. No. 690, 2002 FCA 187.

defending its Library's activities. However, the Supreme Court held that those exceptions were not necessary to give the Law Society a full defence for its activities: the traditional exception of fair dealing gave the Great Library protection from copyright claims in respect of its activities.

The key feature of the Chief Justice's reasons, for our purposes, is the unequivocal assertion of users' rights in copyright as balancing the copyright holder's rights:⁴⁶ "Canada's *Copyright Act* sets out the rights and obligations of both copyright owners and users."⁴⁷ And again, the Chief Justice referred to the "exceptions to copyright infringement, perhaps more properly understood as users' rights, ... set out in ss. 29 and 30 of the Act."⁴⁸ Specifically, the Chief Justice wrote:

Procedurally, a defendant is required to prove [to come within the fair dealing exception under the *Copyright Act*] that his or her dealing with a work has been fair; however, the fair dealing exception is perhaps more properly understood as an integral part of the *Copyright Act* than simply a defence. Any act falling within the fair dealing exception will not be an infringement of copyright. The fair dealing exception, like other exceptions in the *Copyright Act*, is a user's right. In order to maintain the proper balance between the rights of a copyright owner and users' interests, it must not be interpreted restrictively.⁴⁹

Another important aspect of the judgment which increases the extent of the user exceptions in copyright is the first clear statement that agency is permitted within the scope of the fair dealing exceptions. The Court

46 Indeed, the Supreme Court of Canada began to champion user rights in the copyright environment even before the decision in *CCH v. Law Society of Upper Canada* when Justice Binnie wrote his judgment in *Théberge v. Galerie d'Art du Petit Champlain Inc.* 2002 SCC 34, <www.lexum.umontreal.ca/csc-scc/en/pub/2002/vol2/html/2002scr2_0336.html>, [2002] 2 S.C.R. 336, at paras. 31 & 32 respectively: [*Théberge* cited to LexUM].

The proper balance ... lies not only in recognizing the creator's rights but in giving due weight to their limited nature. In crassly economic terms it would be as inefficient to overcompensate artists ... as it would be self-defeating to under-compensate them

Excessive control by holders of copyrights and other forms of intellectual property may unduly limit the ability of the public domain to incorporate and embellish creative innovation in the long-term interests of society as a whole, or create practical obstacles to proper utilization.

47 *CCH v. Law Society of Upper Canada*, above note 22, at para. 11.

48 *Ibid.*, at para. 12.

49 *Ibid.*, at para. 48.

held that the Law Society was entitled to rely upon its general practice to establish fair dealing, rather than having to adduce evidence that every patron used the material provided for in a fair dealing manner.⁵⁰

The language [of section 29] is general. “Dealing” connotes not individual acts, but a practice or system. This comports with the purpose of the fair dealing exception, which is to ensure that users are not unduly restricted in their ability to use and disseminate copyrighted works. Persons or institutions relying on the s. 29 fair dealing exception need only provide that their own dealings with copyrighted works were for the purpose of research or private study and were fair. They may do this either by showing that their own practices and policies were research-based and fair, or by showing that all individual dealings with the materials were in fact research-based and fair.⁵¹

When the Great Library staff make copies of the requested cases, statutes, excerpts from legal texts and legal commentary, they do so for the purpose of research. Although the retrieval and photocopying of legal works are not research in and of themselves, they are necessary conditions of research and thus part of the research process.⁵²

The set of “fair dealing” exceptions in the *Copyright Act* provides:

Fair dealing for the purpose of research or private study does not infringe copyright.⁵³

Fair dealing for the purpose of criticism or review does not infringe copyright if the following are mentioned:

- (a) the source; and
- (b) if given in the source, the name of the
 - (i) author, in the case of a work,
 - (ii) performer, in the case of a performer’s performance,
 - (iii) maker, in the case of a sound recording, or
 - (iv) broadcaster, in the case of a communication signal.⁵⁴

Fair dealing for the purpose of news reporting does not infringe copyright if the following are mentioned

- (a) the source; and

⁵⁰ *Ibid.*, at para. 63.

⁵¹ *Ibid.*, at para. 63.

⁵² *Ibid.*, at para. 64.

⁵³ *Copyright Act*, above note 2, s. 29.

⁵⁴ *Ibid.*, s. 29.1.

- (b) if given in the source, the name of the
 - (i) author, in the case of a work,
 - (ii) performer, in the case of a performer's performance,
 - (iii) maker, in the case of a sound recording, or
 - (iv) broadcaster, in the case of a communication signal.⁵⁵

The Supreme Court stated, in this context, that "[i]t may be possible to deal fairly with the whole work ... for the purpose of research or private study, it may be essential to copy an entire academic article or an entire judicial decision."⁵⁶

Further, the Court found that when staff of the Great Library, as part of their custom photocopy service, faxed works to patrons, "the fax transmissions were not communications to the public."⁵⁷ The Supreme Court approved the reasoning of the trial judge that fax transmissions were not telecommunications within the rights of the copyright holder under section 3(1)(f) because they "emanated from a single point and were each intended to be received at a single point."⁵⁸ On the other hand, the Supreme Court appeared to agree with the Court of Appeal that, if a series of faxes were sent between the same two points, that "might constitute an infringement of an owner's right to communicate to the public."⁵⁹ The Supreme Court also observed, in considering the criteria for the fair dealing exception, that "the patrons of the custom photocopying service cannot reasonably be expected to always conduct their research on-site at the Great Library. Twenty percent of the requestors live outside the Toronto area; it would be burdensome to expect them to travel to the city each time they wanted to track down a specific source."⁶⁰

It would appear, then, that, at the very least, the Supreme Court of Canada's view of the scope of the traditional exemptions from the rights of copyright holders under the *Copyright Act* has brought educational institutions, libraries, archives, and museums that are not included within the statutory schemes for special exemptions (basically, those operating in a for-profit context), some measure of parity with their sister institutions who have been legislated into those special exemptions. For example, the

⁵⁵ *Ibid.*, s. 29.2.

⁵⁶ *CCH v. Law Society of Upper Canada*, above note 22, at para. 56.

⁵⁷ *Ibid.*, at para. 7.

⁵⁸ *Ibid.*, at para. 77, quoting the trial judgment (above note 44) at para. 167.

⁵⁹ *CCH v. Law Society of Upper Canada*, above note 22, at para. 77.

⁶⁰ *Ibid.*, at para. 69.

Supreme Court clearly stated that within the exception for fair dealing, “research is not limited to non-commercial or private contexts.”⁶¹

b) “Tariff 22” Decision

Since the Supreme Court’s decision in *CCH v. Law Society of Upper Canada*, Justice Binnie, on behalf of the Supreme Court, Justice LeBel concurring, has continued the focus on defences to infringement in the subsequent “Tariff 22” case involving retransmission rights:

[the exception claimed] is not a loophole but an important element of the balance struck by the statutory copyright scheme. It finds its roots, perhaps, in the defence of innocent dissemination sometimes available to bookstores, libraries, news vendors, and the like who, generally speaking, have no actual knowledge of an alleged libel, are aware of no circumstances to put them on notice to suspect a libel, and committed no negligence in failing to find out about the libel.⁶²

The Court expressly found that the exception to the rights of the copyright holder at bar⁶³ was not “an exemption from liability [which] should be read narrowly Under the *Copyright Act*, the rights of the copyright owner and the limitations on those rights should be read together to give “the fair and balanced reading that befits remedial legislation.”⁶⁴

Specifically, the “Tariff 22 decision” arose from ongoing proceedings before the Copyright Board of Canada. SOCAN had applied to the Board for approval of a tariff (“Tariff 22”) to be applied to Internet Service Providers [ISPs] located in Canada. SOCAN took the position that, in the absence of such a royalty arrangement with SOCAN, which administers both Canadian and foreign-owned copyrights in music,⁶⁵ the ISPs were violating the music copyright holders’ rights “to communicate the work to the public by telecommunication”⁶⁶ and, either simultaneously or alternatively, were violating the music copyright holders’ rights to “authorize any such acts.”⁶⁷ The

61 *Ibid.*, at para. 51. The Court, in the same context and paragraph, stated that “‘Research’ must be given a large and liberal interpretation in order to ensure that users’ rights are not unduly constrained.”

62 *Tariff 22*, above note 38, at para. 89, authorities omitted.

63 *Copyright Act*, above note 3, s. 2.4(1)(b).

64 *Tariff 22*, above note 38 at para. 88, quoting the unanimous decision of the Court itself in *CCH*, per McLachlin, C.J., above note 22, at para. 48.

65 The foreign copyright holders are represented by SOCAN through reciprocal arrangements with counterpart collecting societies in other countries.

66 A partial quotation from the *Copyright Act*, above note 2, s. 3(1)(f).

67 The concluding words of the *Copyright Act*, *ibid.*, s. 3(1).

ISPs, on the other hand, took the position that they could not be subject to any such tariff because their activities were excepted from the rights of copyright holders, in works in music as in any other work, by the wording of section 2.4(1)(b) of the *Copyright Act*.⁶⁸

In response to this challenge, the Board took the unusual step, which has been subsequently endorsed by the appellate courts, of splitting its proceedings into two parts, "Phase I" being a hearing to determine the question of liability, after which the Board issued the reasons which form the subject matter of this case.⁶⁹ The Board issued its decision on Phase I at the end of October 1999. SOCAN applied to the Federal Court of Appeal for judicial review.⁷⁰ The respondents were various associations involved in the transmission of music, as well as individual broadcasters and telephone companies.⁷¹ Eventually, the Federal Court of Appeal decided that the ISPs did indeed fall within the exemption for common carriers and were not able to be subject to the tariff, except, in the majority's opinion,⁷² in the instance where an ISP cached material on its own site. A number

68 *Ibid.*, s. 2.4(1):

For the purposes of communication to the public by telecommunication,
(b) a person whose only act in respect of the communication of a work or other subject matter to the public consists of providing the means of telecommunication necessary for another person to so communicate the work or other subject-matter does not communicate that work or other subject-matter to the public.

69 As Justice Evans of the Federal Court of Appeal, writing for himself and Justice Linden, explained, "Only those whose activities were found at the end of Phase I to infringe copyright would need to participate at Phase II, when the Board would determine which of them should be required to pay a royalty, on what basis the royalty should be calculated, and at what rate it should be set." *Society of Composers, Authors and Music Publishers of Canada v. Canadian Association of Internet Providers, et al.*, 2002 FCA 166, [2002] 4 F.C. 3, 215 D.L.R. (4th) 118, 290 N.R. 131, 19 C.P.R. (4th) 289, [2002] F.C.J. No. 691 at para. 23.

70 SOCAN's position was supported by the intervener Canadian Recording Industry Association and Neighbouring Rights Collective of Canada.

71 The respondents were: the Canadian Association of Internet Providers, Canadian Cable Television Association, AT&T Canada Long Distance Services Company, MCI Communications Corporation, Bell/ExpressVu, Canadian Association of Broadcasters, Telus Communications Inc., Bell Canada, the Canadian Broadcasting Corporation, the Canadian Motion Picture Distributors Association, the Canadian Recording Industry Association, TimeWarner Inc, Aliant Inc., MTS Communications Inc., and Saskatchewan Telecommunications [emphasis indicates those who were also appellants to the Supreme Court of Canada].

72 Justice Sharlow dissented from the majority just on this one point, agreeing with the Board that those who cache also fall within the exception. See *Tariff 22*,

of the respondents before the Federal Court of Appeal appealed to the Supreme Court,⁷³ and were joined by interested interveners.⁷⁴ SOCAN responded.⁷⁵

The Supreme Court found that the exemption in section 2.4(1)(b) for common carriers, from the copyright holders rights to control telecommunication in section 3(1)(f), was meant to distinguish between those who use telecommunications to supply or obtain content (who would not be eligible for the exemption from the rights of the copyright holder)⁷⁶ and those who facilitate electronic communications as intermediaries, who only provide “the means of communication necessary,”⁷⁷ who do benefit from the exemption.⁷⁸ The Court also found that the copyright holders’ right to control authorization of acts connected to the rights of the rightsholders listed in section 3 of the Act⁷⁹ was not infringed by the activities of ISPs. The Court held that knowledge of the possibility that the means of communication they controlled could be used for infringing purposes was not, in the absence of actual knowledge of infringing activity, enough to construe the intermediary ISPs as having authorized the infringing activity:

above note 38, at para. 39 and also Justice Sharlow himself in the Federal Court of Appeal decision, above note 70, at para. 195–97.

73 Although not all — only those listed in bold in note 71, above.

74 The Internet Commerce Coalition, the European Telecommunications Network Operators’ Association, the European Internet Service Provider’s Association, the Australian Internet Industry Association, the Telecom Services Association, and the US Internet Industry Association.

75 Joined by the Canadian Recording Industry Association (appearing here as an intervener rather than, as before the Federal Court of Appeal, as a respondent) and the International Federation of Phonogram Industry.

76 *Tariff 22*, above note 38, at para. 102.

77 *Copyright Act*, above note 2, s. 2.4(1)(b) uses the phrase “the means of telecommunication necessary.”

78 The Court agreed both with the Board and with Justice Sharlow, in the minority in the Federal Court of Appeal, and included those ISPs who cache as among those benefiting from the exemption because “necessary” includes those measures “reasonably useful and proper to achieve the benefits of enhanced economy and efficiency.” (quoting from *Tariff 22*, per Binnie, J., at para. 92). The full discussion of the Court’s reasoning specifically with respect to caching is at paras. 113–19. See above note 38.

79 The exemption from the rights of copyright holders stated in the *Copyright Act*, above note 2, s. 2.4(1)(b) does not include exemption from the right to control authorization set out in s. 3(1). Thus the ISPs could have been found to be violating the authorization rights even though s. 2.4(1)(b) was found to give the ISPs a defence against the claim that they were infringing the telecommunication rights of the rightsholders.

... when massive amounts of non-copyrighted material are accessible to the end user, it is not possible to impute to the Internet Service Provider, based solely on the provision of Internet facilities, an authority to download copyrighted material as opposed to non-copyrighted material.⁸⁰

In coming to this conclusion, the Court was cognizant of the impossibility of monitoring the vast content involved in Internet transmission but did concede “that ‘authorization’ could be inferred in a proper case but all would depend upon the facts.”⁸¹

3) Current Statutory Provisions for Educational Exceptions

The recent Statement claims that the exceptions set out in the *Copyright Act* currently “permit the performance or display, within the classroom, of certain copyright material as part of a lecture.”

It is certainly the case that section 29.4(1) of the Act provides

- (1) It is not an infringement of copyright for an educational institution or a person acting under its authority
 - (a) to make a manual reproduction of a work onto a dry-erase board, flip chart or other similar surface intended for displaying handwritten material, or
 - (b) to make a copy of a work to be used to project an image of that copy using an overhead projector or similar device for the purposes of education or training *on the premises of an educational institution* [emphasis added].

However, in addition to the requirement on which the Government Statement focuses, that these activities take place “on the premises of an educational institution,” there are three important caveats to this exception. First, it will be recalled that “educational institution” is a defined term in the Act and therefore there are institutions involved in education in Canada which cannot qualify for these exemptions because they fall

80 *Tariff* 22, above note 39, at para.123.

81 *Ibid.*, at para. 128. As a result of the appeal, the Supreme Court of Canada remitted the matter back to the Board, ordering it to proceed to Phase II of its hearing in accordance with the reasons of the Court. Because of the decision of the Supreme Court, however, a very narrow scope for Phase II remained before the Copyright Board.

outside the Act's definition. Second, the statute states that "the exemption from copyright infringement provided by paragraph (1) (b) ... does not apply [except in the case of manual reproduction] if the work or other subject-matter is commercially available in a medium that is appropriate for the purpose referred to in that paragraph"⁸²

Third, the exemption is not available if the "action referred to" is "carried out with motive of gain."⁸³

In any event, the Statement also says the current exemptions "permit the *performance* ..., within the classroom, of certain copyright material as part of a lecture." [emphasis added].

Certainly section 29.5 of the Act currently provides

It is not an infringement of copyright for an educational institution [again, as defined in the Act] or a person acting under its authority to do the following acts ...

- a. the live performance in public, primarily by students of the educational institution, of a work; [and]
- b. the performance in public of a sound recording or of a work or performers' performance that is embodied in a sound recording; and
- c. the performance in public of a work or other subject-matter at the time of its communication to the public by telecommunication

However, the same section also contains limitations on the exercise of this exception:⁸⁴ the activities are only exempted if

- they are done *on the premises* [[emphasis added] of an educational institution for educational or training purposes and
- [they are done] not for profit, [and]
- [they are done] before an audience consisting primarily of
 - students of the educational institution, [or]

82 *Copyright Act*, above note 2, s. 29.4(3).

83 *Copyright Act*, above note 2, s. 29.3(1). Note that s. 29.3(2) provides that "[a]n educational institution ... does not have motive of gain where it or the person acting under its authority, does anything referred to in s. 29.4 ... and recovers no more than the costs, including overhead costs, associated with doing that act."

84 As well as two of the limitations mentioned above in connection with the exception in s. 29.4: again, this exception in s. 29.5 is limited to statutorily defined "educational institutions" and the exception does not apply where the institution is engaged in the activities for "motive of gain," although, again, the exception would apply if the institution is simply engaged in cost recovery (s.29.3).

- instructors acting under the authority of the educational institution or
- any person who is directly responsible for setting a curriculum for the educational institution⁸⁵

Moreover, if the communication to the public by telecommunication is being received by the educational institution by unlawful means, then its performance in public by the educational institution is not excepted from copyright infringement.⁸⁶

While section 29.5(c) permits performance of contemporaneous or synchronous telecommunicated works and subject matter, certain further asynchronous performances in educational institutions are also permitted — but only of news and news commentary:

Subject to subsection (2)⁸⁷ and section 29.9,⁸⁸ it is not an infringement of copyright for an educational institution or a person acting under its authority to

- (a) make, at the time of its communication to the public by telecommunication, a single copy of a news program or a news commentary program, excluding documentaries, for the purposes of performing the copy for the students of the educational institution for educational and training purposes; and
- (b) perform the copy in public, at any time or times within one year after the making of a copy under paragraph (a), before an audience consisting primarily of students of the educational institu-

85 These provisions of s. 29.5 have been laid out for ease of reference here and do not have the same format in the statute, although the wording is identical.

86 *Copyright Act*, above note 2, s. 29.8. This limitation on the exception also applies to the exceptions for news and news summary programs and other broadcasts which are about to be discussed.

87 This is a limited term exception. Section 29.6(2) of the *Copyright Act*, above note 2, goes on to provide:

The educational institution must

- on the expiration of one year after making a copy under paragraph (1)(a), [either] pay the royalties and comply with any terms and conditions fixed under this Act for the making of the copy or destroy the copy; and
- where it has paid the royalties referred to in paragraph (a), pay the royalties and comply with any terms and conditions fixed under this Act for any performance in public of the copy after the expiration of that year.

88 Section 29.9 of the *Copyright Act*, above note 2, details record-keeping requirements with which the educational institution must comply if it makes a copy of a news program or news commentary program and performs it.

tion *on its premises* for educational or training purposes [emphasis added].⁸⁹

Another exception provides that broadcasts of other subject matter may also be performed, but this area of exception is available only once appropriate royalties have been paid:

It is not an infringement of copyright for the educational institution or a person acting under its authority to perform the copy [of a broadcast other than news or news commentary⁹⁰] in public for educational training purposes *on the premises of the educational institution* before an audience consisting primarily of students of the educational institution *if* the educational institution pays the royalties and complies with any terms and conditions fixed under this Act for the *performance* in public [emphasis added].⁹¹

4) Current Provisions for “Libraries, Archives, and Museums”

The Statement alludes to a provision of the *Copyright Act* that “currently permits, as part of an inter-library loan, the reproduction of certain copyright material (notably academic articles), provided, among other things, that the requesting patron receives only a paper copy.” This is a reference to section 30.2(5) of the Act which provides:

A [LAM] or a person acting under the authority of a [LAM] may do, on behalf of a person who is a patron of another [LAM], anything under subsection (1) or (2) in relation to printed matter that it is authorized by this section to do on behalf of a person who is one of its patrons,

89 *Copyright Act*, above note 2, s. 29.6.

90 Section 29.7 (1) of the *Copyright Act*, above note 2, provides

... it is not an infringement of copyright for an educational institution or a person acting under its authority to make a single copy of a work or other subject-matter at the time that it is communicated to the public by telecommunication; and keep the copy for up to thirty days to decide whether to perform the copy for educational and training purposes.

Section 29.7(2) provides that unless either the copy is destroyed after thirty days, or royalties are paid, the institution is infringing — and, again, s. 29.8 applies, making the exception invalid if the communication was originally received by unlawful means.

91 *Copyright Act*, above note 2, s. 29.7(3).

but the copy given to the patron must not be in digital form [emphasis added].⁹²

And the exceptions referred to are as follows:

30.2(1) It is not an infringement of copyright for a [LAM] or a person acting under its authority to do anything on behalf of any person that the person may do personally under section 29 [fair dealing for the purposes of research or private study] or 29.1 [fair dealing for criticism].

(2) It is not an infringement of copyright for a [LAM] or a person acting under the authority of a [LAM] to make, by reprographic reproduction, for any person requesting to use the copy for research or private study, a copy of the work that is, or that is contained in, an article published in

(a) a scholarly, scientific or technical periodical; or

(b) a newspaper or periodical, other than a scholarly, scientific or technical periodical, if the newspaper or periodical was published more than one year before the copy is made.

Section 30.2 goes on to provide further restrictions on the exceptions from the rights of the copyright holders provided in subsection (2). One applies to the whole of subsection (2):

A [LAM] may make a copy under subsection (2) only on the condition that

(a) the person for whom the copy will be made has satisfied the [LAM] that the person will not use the copy for a purpose other than research and private study; and

(b) the person is provided with a single copy of the work.

Another applies only to the copying of newspapers and periodicals:

Paragraph (2)(b) does not apply in respect of a work of fiction or poetry or a dramatic or musical work.⁹³

92 The statute goes further and instructs the LAMs that “Where an intermediate copy is made in order to copy a work referred to in subsection (5), once the copy is given to the patron, the intermediate copy must be destroyed. (*Copyright Act*, above note 2, s. 30.2 (5.1)).

93 *Copyright Act*, above note 2, s. 30.2(3).

And finally, the 1997 amendments added the further caveat on these exceptions for LAMs that

The Governor in Council may, for the purposes of this section, make regulations

- (a) defining “newspaper” and “periodical”;
- (b) defining scholarly, scientific and technical periodicals;
- (c) prescribing the information to be recorded about any action taken under subsection (1) or (5) and the manner and form in which the information is to be kept; and
- (d) prescribing the manner and form in which the conditions set out in subsection (4) are to be met.

And, indeed, the Government did produce regulations, which, *inter alia*, defined “newspaper or periodical” as “a newspaper or periodical, other than a scholarly, scientific or technical periodical, that was published more than one year before the copy is made.”⁹⁴

All of this foregoing legislating for LAMs, however, would appear to have been rendered redundant because of the Supreme Court’s clarification of the “fair dealing” exception to the rights of the copyright holders of general application. The Court stated clearly that “a library can always attempt to prove that its dealings with a copyrighted work are fair under section 29 of the *Copyright Act*. It is only if a library were unable to make out the fair dealing exception under section 29 that it would need to turn to the *Copyright Act* to prove that it qualified for the library exemption.”⁹⁵ Moreover, the Court said that “research, private study, criticism, review or news reporting ... these allowable purposes should not be given a restrictive interpretation or this could result in the undue restriction of users’ rights.”⁹⁶

94 *Exception for Educational Institutions, Libraries, Archives and Museums Regulations*, SOR/99-325, <<http://laws.justice.gc.ca/en/C-42/SOR-99-325/>>, s. 2.

95 *CCH v. Law Society of Upper Canada*, above note 22, at para. 49.

96 *Ibid.*, at para. 54.

E. ARE THE PROPOSED AMENDMENTS FOR EDUCATION AND INTERLIBRARY LOANS NECESSARY AND APPROPRIATE?

1) The Question of Reasonable and Effective Safeguards

One question raised by the proposals in the Statement, now expressed in Bill C-60, is whether educational institutions and libraries should be required to put in place or adopt “reasonable” or “effective” safeguards as a condition of benefiting from statutory exceptions.

One of the elements provided for in the regulations made under the existing LAMs exceptions to the *Copyright Act*⁹⁷ is the following precisely worded and laid out notice to be placed at photocopiers:

WARNING!

Works protected by copyright may be copied on this photocopier only if authorized by

- (a) the *Copyright Act* for the purpose of fair dealing or under specific exemptions set out in that Act;
- (b) the copyright owner; or
- (c) a license agreement between this institution and a collective society or a tariff, if any.

For details of authorized copying, please consult the license agreement of applicable tariff, if any, and other relevant information available from a staff member.

The *Copyright Act* provides for civil and criminal remedies for infringement of copyright.

The Great Library of the Law Society of Upper Canada had traditionally posted its own notice:

The copyright law of Canada governs the making of photocopies or other reproductions of copyright material. Certain copying may be an infringement of the copyright law. This library is not responsible for infringing copies made by the users of these machines.⁹⁸

97 This notice is specifically worded and laid out in s. 8 of the *Exception for Educational Institutions, Libraries, Archives and Museums Regulations*, SOR/99-325.

98 *CCH v. Law Society of Upper Canada*, above note 22, at para. 39.

Despite argument over the effect of the notice, the Supreme Court found that this notice was sufficient to overcome any argument that the Great Library implicitly sanctioned, approved or countenanced copyright infringement.⁹⁹

One wonders, then, why there would ever be any need to post the more elaborate signs provided for in the regulations made under the LAMs exceptions to the *Copyright Act*.¹⁰⁰

Certainly, the Supreme Court of Canada has specifically approved the simpler policy notices in use by the Great Library of the Law Society of Upper Canada since 1996.¹⁰¹

Moreover, in finding ISPs not liable for infringing the copyright interest of authorizing activities of their end users in the “Tariff 22” case, the Supreme Court has signalled that having knowledge of the possibility that end users may infringe copyright will not, absent specific knowledge of end users’ infringing activity, place the intermediary in the position of authorizing any infringing activity of end users. The Court was concerned with the impossibility of monitoring the activities of end users — a situation at least as difficult in the library or educational institution environment, given the relative paucity of resources for monitoring the behaviour of students and patrons that these organizations have (in contrast to the technology at the disposal of commercial ISPs, for example).

These factors lead to the conclusion that Government attempts to require LAMs to put in place “effective safeguards ... to prevent the misuse of the material or of the inter-library loan service,” beyond the type of notice used by the Great Library and approved by the Supreme Court of Canada, are unnecessary, impractical, and probably unenforceable.

The Statement also anticipated obligations being placed on educational institutions to “adopt reasonable safeguards to prevent misuse of the copyright material” and, indeed, in telecommunicating a lesson, Bill C-60 provides that the institution must take any measure prescribed by regulation¹⁰² and “must take measures that can reasonably be expected to limit the communication by telecommunication of the lesson to [students and instructors] and prevent any use of it by them after the course of which the

99 *CCH v. Law Society of Upper Canada*, above note 22, at para. 44.

100 Set out above and specifically worded and laid out in s. 8 of the *Exception for Educational Institutions, Libraries, Archives and Museums Regulations*, SOR/99-325.

101 The contents of these longer and larger notices are set out at *CCH v. Law Society of Upper Canada*, above note 22, at para. 61.

102 Bill C-60, s. 18, proposing s. 30.01(4)(c).

lesson forms a part has ended as well as any reproduction or communication of it by them.”¹⁰³ While it may be a reasonable further safeguard proposed in Bill C-60 that an educational institution “must not communicate the lesson by telecommunication ... after the course of which the lesson forms a part has ended,”¹⁰⁴ it appears to show a complete lack of understanding of the process of course development from year to year to insist that the institution, professor, or teacher “must destroy any fixation of the lesson within 30 days after the course of which it form a part has ended.”¹⁰⁵ And, again, given the approach taken by the Supreme Court, these provisions are at best impractical and unnecessary, and at worst unenforceable.

2) The Question of Interlibrary Loans

Bill C-60 confirms the 1997 provisions creating exemption for certain LAM activities in the nature of fair dealing¹⁰⁶ but adds¹⁰⁷ that they

... do not apply with respect to the making of a copy in digital form of printed matter... [for ILL between LAMs] unless the [LAM] providing the copy takes measures that can reasonably be expected to prevent the making of any reproduction of the copy other than a single printing, its communication, or its use for a period of more than seven days.¹⁰⁸

¹⁰³ Bill C-60, s. 18, proposing s. 30.01(4)(d). The Bill also imposes an apparently arduous archiving responsibility upon institutions: that records of any lessons taped, recorded, or otherwise “fixed” must be kept for three years (Bill C-60, s. 18, proposing s. 30.01(4)(e)). Given the rapid turnover of technological systems in educational institutions, the decentralization of responsibilities for lesson preparation, and scarce resources for technological support of teaching, one wonders whether such an onerous record-keeping obligation is reasonable.

¹⁰⁴ Bill C-60, s. 18, proposing s. 30.01(4)(a).

¹⁰⁵ Bill C-60, s. 18, proposing s. 30.01(4)(b).

¹⁰⁶ See the discussion above in the section on Current Provisions for “Libraries, Archives and Museums.”

¹⁰⁷ The 2004 Committee’s approach to interlibrary loans involved expansion of the collective licensing regime (typical of the Committee’s whole approach), by introducing an extended compulsory licensing regime “where appropriate” (2004 *Interim Report*, above note 27, at Recommendation 7) and otherwise encouraging “the licensing of the electronic delivery of copyright protected material directly by rights holders to ensure the orderly and efficient electronic delivery of copyright material to library patrons for the purpose of research or private study.” (Recommendation 7.)

¹⁰⁸ Bill C-60, above note 4, s. 19, proposing to replace the current s. 30.2(5) of the *Copyright Act*, above note 2, with a new subsection.

As drafted, Bill C-60's section 30.2(5) appears to have "thrown the baby out with the bathwater" in that the exception for interlibrary loan copies provided to the patron in other than in electronic form (for example, by fax) seems to have been lost. Moreover, it is difficult to discern which LAM would be considered the LAM "providing the copy" and therefore having the obligations about reasonable measures: does the Bill intend the institution supplying the information to the requesting institution to bear that responsibility for reasonable measures? Or is it the receiving institution whose patron made the request that is to bear that responsibility? The current drafting of the Bill is not clear.¹⁰⁹ Moreover, the notion that a LAM can prevent a patron from making use of a document "for a period of more than seven days" seems particularly ill-conceived and should be removed from the Bill. Copyright holders have not traditionally had the right to prevent particular uses of works, only to control certain actions taken with respect to works; such as copying, publishing, and so on. As the Supreme Court of Canada has so recently pointed out (discussed above), it is users who are guaranteed certain uses of works under the *Copyright Act*. Limiting patrons to seven days use seems contrary to the spirit of the *Copyright Act*. In addition, of course, it would seem virtually impossible to police. Finally, the proposed provision does not permit interlibrary loan of materials held by the originating library in electronic form.

Whatever the merits of its drafting, the proposed exception seems redundant in light of the reasoning of the Supreme Court of Canada in the *CCH v. Law Society of Upper Canada* case. That case specifically addresses the question of the delivery of materials to patrons using the telecommunication process of the fax. The issue of delivery of materials to patrons using the digital network process of the Internet would seem to call forth exactly the same reasoning. As in the case of fax delivery, Internet delivery of interlibrary loan materials would be "emanating from a single point and each intended to be received at a single point."¹¹⁰ The librarian engaged in the delivery of the electronic version to the patron would be relying upon the patron's right to private study and research, just as in the case at bar in *CCH v. Law Society of Upper Canada*, whatever the special provisions added since 1997 for certain libraries might provide. Thus it would seem

109 Whichever institution is to bear the responsibility for reasonable measures, the Bill will need amendment to clarify what is meant by being expected to prevent "its communication."

110 *CCH v. Law Society of Upper Canada*, above note 22 at para. 77, quoted earlier as well.

that the amendments proposed in Bill C-60 dealing with interlibrary loans are very probably unnecessary.

3) The Question of Performance or Display of Lectures to Remote Sites

Following the direction indicated by the Statement, Bill C-60 creates a regime under which educational institutions are to be exempted from copyright liability when engaged in distance learning activities using telecommunication.¹¹¹ This is particularly important given that Bill C-60 proposes to make it absolutely clear that

a person who makes a work or other subject-matter available to the public in a way that allows members of the public to access it through telecommunication from a place and at a time individually chosen by them communicates it to the public by telecommunication.¹¹²

The proposed scheme for educational institutions centres around the concept of the “lesson,” a new term in the *Copyright Act*, which is not defined in the Bill, other than in tautological terms.¹¹³ Inherent in the defini-

111 Bill C-60, above note 4, s. 18 (adding a new s. 30.01 after the existing s. 30 in the *Copyright Act*, above note 2).

112 Bill C-60, above note 4, s. 2, proposing to replace the existing s. 2.4(1)(a) of the *Copyright Act* (above note 2) with the s. 2.4(1)(a) quoted here. It had appeared that the exception to “enable remote students to view the lecture using network technology, either live or at a more convenient time,” posited by the Statement (above note 3) might have been intended to be an addition to s. 29.5, through which Parliament has created an exception to the copyright holder’s right of reproduction (*Copyright Act*, above note 2, s. 3(1)(a)). That exception, by virtue of this amendment, would necessarily be an exception to the rightsholder’s right to communicate the work to the public by telecommunication (*Copyright Act*, above note 2, s. 3(1)(f)).

113 Bill C-60, above note 4, s. 18 would create a new s. 30.01(1) in the *Copyright Act* (above note 2) providing, in part, “In this section, ‘lesson’ means any lesson, test or examination....” Although the definition refers to lessons “on the premises,” the section in which the definition is to be operative, s. 30.01, revolves around “communication to the public by telecommunication.” It seems odd that this concept of “lesson” is not carried forward into the offline teaching environment through amendment to the older s. 29 amendments discussed above. It is interesting that Bill C-60 carries forward the signal in the Statement (above note 3) that these new amendments, which permit an educational institution to enlarge the classroom by creating a virtual classroom through employing network technology and to create asynchronous delivery of a lecture, apply only so long as network technology is used. The Statement spoke of the proposed

tion of “lesson” is the concept that in it “a work or other subject-matter is copied, reproduced, translated, performed in public or otherwise used on the premises of an educational institution or communicated by telecommunication to the public situated on those premises.”¹¹⁴ Thus a distance class is to emanate from the educational institution, not from the home office of a teacher or professor, apparently. But, even more confusingly, despite this definition of “lesson,” it will be an infringement of copyright to communicate a lesson by telecommunication (or fix such a lesson or otherwise perform any act in connection with such a lesson)¹¹⁵ if the “lesson” includes “a work or other subject-matter whose use in the lesson constitute an infringement of copyright or for whose use in the lesson the consent of the copyright owner is required.”¹¹⁶ So, is Bill C-60 creating any exception for educational institutions in this regard at all by introducing the proposed section 30.01?

Moreover, rather than generously extending protection from liability to *students*, Bill C-60 seems to actually target students, in that a student would appear to be a “person” particularly having the potential to be liable for secondary infringement with respect to lessons as now specifically set out by the Bill.¹¹⁷

amendment being designed “to enable remote students to view the lecture using network technology, either live [that is, synchronous with the delivery of the lecture on the premises of the institution] or at a more convenient time [i.e., asynchronously].” Asynchronous delivery of a lecture does not seem to be permitted if the lecture is fixed but not delivered via telecommunication but rather via other technology. As quoted above, the location in Bill C-60 of the notion of accessing a work “at a time individually chosen,” that is asynchronously, occurs only in the definition of communication to the public by telecommunication in the proposed s. 2.4(1)(a).

114 Bill C-60, above note 4, s. 18 proposing s. 30.01(1).

115 The heart of the proposed s. 30.01 would otherwise appear to be the exception from infringement provided by s. 30.01(2) which provides :

Subject to subsections (3) and (4), it is not an infringement of copyright for an educational institution or a person acting under its authority

(a) to communicate a lesson to the public by telecommunication, if that public consists only of its students enrolled in a course of which the lesson forms a part and instructors acting under the authority of the educational institution;

(b) to make a fixation of the lesson...

(c) to perform any other act that is necessary [for (a) or (b)].

116 Bill C-60, above note 4, s. 18 proposing s. 30.01(3).

117 *Ibid.*, s. 15, proposing an amendment to s. 27 of the *Copyright Act* (above note 2) by adding subsection (2.2), quoted here.

It is an infringement of copyright for any person to do any of the following acts with respect to anything that the person knows or ought to know is a lesson ... or a fixation of one:

- (a) to sell it or to rent it out;
- (b) to distribute it to such an extent as to prejudicially affect the owner of copyright in the work or other subject-matter that is included in the lesson;
- (c) by way of trade, to distribute it, expose or offer it for sale or rental or exhibit it in public;
- (d) to possess it for the purpose of doing anything referred to in any of paragraphs (a) to (c);
- (e) to circumvent any measure taken in conformity with paragraph 30.01(4)(d)¹¹⁸; or
- (f) to communicate it by telecommunications to any person other than a person referred to in paragraph 30.01(2)(a).¹¹⁹

The approach dictated by the educational exceptions for the electronic environment in Bill C-60 seems redolent of an old-style pedagogy — one in which the instructor packages knowledge and delivers it, top-down, to waiting students. A progressive, participative educational process, in which students bring resources which they have located into the class, sharing them with other students and with the instructor, does not seem to have a place in the vision of education shaping Bill C-60.¹²⁰ And, indeed, the notion of the “lesson” does not seem to add a usefully discriminating concept in the context of copyright.

Moreover, again, as in the case of interlibrary loans, given the approach of the Supreme Court of Canada to the ambit of fair dealing in Canada, the role of intermediaries, and the concept of authorization under the statute, the amendments contemplated by the Statement and proposed in Bill C-

118 The “reasonable measures” discussed above, which educational institutions will be required to take to limit communication of lessons to students and instructors and prevent use of lessons after the course has ended.

119 That is, as discussed above, students in the course and instructors in the institution.

120 Unless a student can be interpreted under this new regime as a person acting under the authority of an educational institution, the students have none of the exceptions to infringement provided under the new s. 30.01. If it is intended that students are to be interpreted as persons acting under the authority of the educational institution within this section, it would be better to be explicit since, with respect to other aspects of the law, students are not considered to be part of their educational institutions.

60 dealing with performance or display of lectures to students at remote sites would seem to be very probably unnecessary.¹²¹ It does not seem an unreasonable extension of the principles and reasoning announced by the Supreme Court in the interpretation of the existing fair dealing provisions to paraphrase from the judgment in *CCH v. Law Society of Upper Canada*, replacing research with private study, and focusing on the transmission rather than the reproduction, as follows:

When the [educational institution] makes [performances or transmissions of lectures containing the copyrighted material for students], they do so for the purposes of [private study]. Although the [performances or transmissions of the lectures] are not [private study] in and of themselves, they are necessary conditions of [private study] and thus part of the [private study] process.¹²²

Again, paralleling the observations of the Supreme Court about patrons of the custom photocopy delivery service at the Great Library of the Law Society of Upper Canada, it surely can be observed equally that

patrons of [interlibrary loan services and students] cannot reasonably be expected to always [collect their interlibrary loan materials or attend classes, respectively] on-site [at their library or educational institution] ... it would be burdensome to expect them to travel to the city [or library, campus, or institution] each time they wanted to [retrieve a particular interlibrary loan document ordered or to attend a given class]....¹²³

Moreover, the Supreme Court took its position about what was unreasonable with respect to the facts involved in the transmission of information

¹²¹ Again, as discussed above, fair dealing has been found to encompass situations where transmissions “emanated from a single point and were each intended to be received at a single point ...”— which is the case with distance learning.

¹²² It will be recalled from above that the actual text of para. 64 of *CCH v. Law Society of Upper Canada* (above note 22) reads: “When the Great Library staff make copies of the requested cases, statutes, excerpts from legal texts and legal commentary, they do so for the purpose of research. Although the retrieval and photocopying of legal works are not research in and of themselves, they are necessary conditions of research and thus part of the research process.”

¹²³ It will be recalled from above that the actual text of para. 69 of *CCH v. Law Society of Upper Canada* (*ibid.*) reads: “patrons of the custom photocopying service cannot reasonably be expected to always conduct their research on-site ... it would be burdensome to expect them to travel to the city each time they wanted to track down a specific source.”

from the Great Library to its patrons despite the fact that only 20 percent of the patrons of the service were in fact located outside the city,¹²⁴ whereas, in the case of interlibrary loan and remote learning in Canada, the proportion of inter-city transfers of information is arguably much higher.

4) The Question of Electronic Provision of Material to Students

Students are provided with one protection in the Bill, in the area of telecommunication of works, but only in respect of situations in which the educational institution involved has an agreement with a collective society (the proposed section 30.02) and, curiously, not in connection with telecommunication of lessons under the proposed section 30.01 (where, as quoted above, reproduction of the lesson must be prevented). The protection provided for students is that

The owner of copyright in a work may not recover any damages against a student for a single printing of a reproduction in digital form of the work that was communicated to the student by telecommunication if, at the time of the printing, it was reasonable for the student to believe that the reproduction had been communicated to him or her [legally by an educational institution that has an agreement with a collective society].¹²⁵

The provision in the Statement relating to the liability of educational institutions for the electronic delivery to students of materials appeared ambiguous. It seemed that the intention was, in effect, that the statute would automatically extend electronic rights to an institution when it has a reprography agreement in place. It was difficult to understand what institutions would purchase an additional license for electronic rights under these conditions, which seemed disadvantageous to copyright holders. The instantiation of these provisions in Bill C-60, on the other hand, appears, in fact, to swing the pendulum quite the other way.¹²⁶ Under the approach taken by the Bill, if a collective society makes a license for electronic rights in works available, an educational institution cannot avail itself of any

¹²⁴ *CCH v. Law Society of Upper Canada*, above note 22, at para. 69.

¹²⁵ Bill C-60, above note 4, s. 18, creating a new s. 30.02(4). The proposed protection for students does not extend to protection from injunctive relief sought by copyright holders.

¹²⁶ *Ibid.*, s. 18, proposing s. 30.02.

of the exceptions provided under statute in the proposed section 30.02, whether or not the institution enters into the proffered license.¹²⁷

To situate the approaches in the Statement and Bill C-60 in context, it must be realized that the “heart and soul” of the existing reprography licenses is the indemnity clause. A typical example of such a clause is contained in the Agreement between AccessCopyright and the University of Western Ontario:

CANCOPY shall indemnify and save the Licensee harmless from any costs, expenses and damages (including punitive damages) relating to any Claim against the Licensee whatsoever and howsoever arising from the exercise of rights under this Agreement....

The rights given are related to “Published Works” which are defined in the contract to be all publications not listed on the “Exclusions List” (and thus a more extensive inclusion than just the works in the “Repertoire” which is defined in the agreement as being those works to which CANCOPY has the Canadian rights).

There is great value in this indemnity clause in the reprographics context for the participating “Licensee” institutions because, while the Canadian collectives represent a high proportion of domestic rightsholders, they cannot represent so high a proportion of foreign rightsholders because most rightsholders in other jurisdictions are far less collectivized than are Canadian rightsholders. Since the copyright in material used in Canada is frequently foreign-owned, arguably users buy licenses from the Canadian collectives mostly to benefit from the indemnification from suits brought against them by those not party to the collective which the license makes available.

AccessCopyright, Canada’s largest print collective (representing English language works, and, through a reciprocal agreement with COPIBEC, also representing Canada’s French repertoire), has been working diligently to acquire the rights to administer digital rights for the rightsholders now represented by it in the arena of reprography. However, as is evidenced by the message on its website, AccessCopyright has not yet been prepared to

¹²⁷ *Ibid.*, s. 18, proposing s. 30.02(7): “Subsections (1) to (6) do not apply in respect of a work if the educational institution can obtain from a collective society a license authorizing the acts permitted under paragraphs (1)(a) and (b) with respect to the repertoire of works of the society that includes the work in question”

issue blanket licenses with respect to digital rights.¹²⁸ Although the ability to offer such licenses remains a goal, such licenses have not progressed beyond drafts and are not available to users.¹²⁹ Those wishing to acquire digital rights from AccessCopyright must do so on a transactional basis and only for those works for which AccessCopyright has succeeded in acquiring control of the digital rights.

One may speculate that the business decision for AccessCopyright and other Canadian collectives contemplating offering blanket licenses in the electronic environment is the potential cost of including the indemnity clause which the purchasers of the reprography licenses have come to expect. If the collectives do not represent, with respect to electronic rights, what they consider to be an acceptable number of copyright holders, presumably on a worldwide basis, the indemnity clause expected by potential purchasing institutions is going to represent too much risk for the prices those Canadian user institutions are going to be willing to pay.

As well, in considering the proposed amendments respecting electronic delivery of materials to students, it would seem that the Supreme Court's vision of fair dealing already would not encompass the wholesale distribution of copyrighted works to users, electronically or otherwise: the Court specifically placed the caveat on the faxing of works that if a series of faxes were to be sent between the same two points, that "might constitute an infringement of an owner's right to communicate to the public." Similarly, it would seem to follow that a whole course pack, which would have required licenses (or the protection of a blanket license with AccessCopyright) if reproduced in paper form, would not be able to be posted to an intranet or Internet site without either license or other permissions, under the guise of fair dealing.

With the *Robertson v. Thomson* case, discussed above, still before the Supreme Court of Canada, it seems too early to bring legislative change to this area. Moreover — assuming that the Supreme Court of Canada main-

128 "AccessCopyright does, however, offer digital licences on a transactional basis, to cover some digital uses of works in its repertoire. This may include scanning (taking a print work and digitizing it), importing a work from a digital form to a print form and taking a digital work and using it in a different digital format. To determine whether the work you wish to license is available for these various digital uses, go to the Rights Management System (RMS), (AccessCopyright <www.accesscopyright.ca/licenses.asp?a=10>.)

129 The goal has been articulated by Cancopy representatives for several years. That such blanket licenses have not yet been made available was confirmed by telephone communication with AccessCopyright as recently as June, 2005.

tains the position taken by the courts below, that the electronic reproduction rights are separate from other rights — if through the proposed amendments, the Canadian government effectively merges the value of the electronic rights in works with the value of the reproduction rights, it would certainly seem to affect the rights of foreign rightsholders in a way that would create the likelihood of a challenge under *NAFTA* or *TRIPS*. Even considering only the position of domestic rights holders, it seems premature to provide for rights such as those contained in the proposed section 30.02 in the electronic environment when there is no parallel provision proposed for the offline reprographic world. Again, such an inconsistency would seem difficult to defend.

5) Are “Educational and Research Access Issues” the Same as Issues about the “Educational Use of Publicly Available Internet Material”?

In indicating that the Government is declining to initiate specific legislative reform in the area of the educational use of Internet material, the Statement says that “[e]ducators seek an exemption from copyright liability for use for educational purposes of Internet material which is “publicly available.” The Statement defines “publicly available” material as being “generally understood to be material in respect of which the rights holder does not seek compensation for use.”¹³⁰ The Statement goes on:

However, there is disagreement as to what material on the Internet is to be considered “publicly available” and which uses are to be permitted. Rights holders also want to encourage use of the Internet in an educational context, but to do so through licensing approaches.

“The challenge” declares the Statement, in this context of the Internet as a resource for students and teachers, “is how to ensure a copyright framework that will facilitate Internet use in the classroom in a manner that will not unreasonably impair the rights of copyright owners.” This challenge is

¹³⁰ This is a less elaborate definition than that proposed in the 2004 *Interim Report*, above note 27, Recommendation 5:

material that is available on public Internet sites (sites that do not require subscriptions or passwords and for which there is no associated fee or technological protection measures which restrict access or use) and is accompanied by notice from the copyright owner explicitly consenting that the material can be used without prior payment or permission.

so great and the issue so “complex and contentious” that the Government “believes it requires further public input and consideration”¹³¹ whereas issues surrounding the use of “network technologies such as the Internet to deliver classroom instruction and material to students remotely” and electronic inter-library loan are presumably less challenging, and statutory solutions have been intimated in the Statement.¹³²

First, given the definition of “publicly available” which is put forward by the Government in the Statement, it is puzzling why the Government would worry about contemplating legislative reform with respect to such material. If the definition of “publicly available” is that permission has been given by the rightsholder for the proposed use, there is no need for law reform: the rightsholder has exercised her right in favour of giving public access.

Second, the Government is prepared to allow works in copyright to be copied from any source, which could apparently include works accessed from the Internet, used in a lecture by means of a hand drawing or an overhead projector or similar device (which it can be argued would include a data projector displaying works retrieved online) and then disseminated to remote students via technology — which the Statement endorses as a direction in which it hopes to move. But from the perspective of the functional use of information in educational institutions, it is difficult to distinguish this conceptually from downloading, reproducing, and transmitting material “to students and teachers for the purposes of assignments, lessons and research,” which the Government reports is too complex and contentious to address.

While the Government had expressed uncertainty in the Statement about whether the downloading, reproducing, and transmitting of Internet material by students and teachers for the purposes of assignments, lessons, and research was a permitted use, whatever the eventual decision of the Supreme Court in *Robertson v. Thomson*, it would seem that, rather than being so uncertain as the Government articulates, teachers and students have rights in this area. Teachers already have the right to download and reproduce material for their own needs in undertaking pedagogical and background research, as an element of fair dealing. Similarly, stu-

131 The 2004 *Interim Report*, above note 27, called for extended collective licensing in this context: Recommendation 4. The Committee did, however, state that “Such a licensing regime must recognize that the collective should not apply a fee to publicly available material.” Recommendation 4.

132 Statement, above note 3, at para. 15.

dents would appear to have the ability to download and reproduce material for their own private study (again, fair dealing). Following upon the reasoning of the Supreme Court in *CCH v. Law Society of Upper Canada*, it would appear eminently reasonable that teachers could act as agents for students in facilitating their access to materials they need for private study, just as the Court found librarians act as agents for patrons in the exercise of the patrons' research uses. In any event, if, as it has in Bill C-60, the Government ventures into the arena of the electronic delivery of material to students which would otherwise be delivered in paper form under reprography licenses, it is difficult to see the issues raised thereby as different from those which are raised in considering the transmission of electronic material to students for the purposes of assignments, lessons, and research, from which the Government has said it is shying away.

There is another concern with the Government's indications that it intends to push ahead with amendments permitting remote students using network technology to view lectures either live or at a more convenient time, while reserving other technology issues involving digital communication for further consideration. It may be that the proposed amendment involving distance learning will create unanticipated challenges. The brief commentary in the Statement, for example, does not indicate an awareness that the exception contemplated to allow remote students to view the lecture later may involve a performer's performance right in the lecturer's performance of the lecture.¹³³

It is asserted at the beginning of the Statement that it is a public policy principle underlying the *Copyright Act* that "the Act be drafted, to the extent possible, in technologically neutral terms." However, an exception stating that students may view lectures which include copyrighted materials at a more convenient time — namely, a time other than contemporaneous with the live delivery of the lecture — only if network technology is used is not consistent with the principle of technological neutrality. Why should the exception not also include an exception for videotapes of lectures made available for students who were unwell and not in attendance at the lecture?

133 *Copyright Act*, above note 2, s. 15(1), including in s. 15(1)(a), for a live performance, the right to communicate the performer's performance to the public by telecommunication and s. 15(1)(b) if the lecture is fixed in order to be shown asynchronously later. See also the definition of "performer's performance" in s. 2.

The suggestion of the Council of Ministers of Education¹³⁴ to deal with the application of copyright exemptions to the environment of distance learning would have been to amend the definition of “educational institution” rather than to create new categories of exceptions. Such an amendment would appear to have the advantage of technological neutrality that the Government has said that it seeks but which it seems to have difficulty achieving if the approach in the Statement and Bill C-60 is adopted.

6) Should All Educational Institutions, Libraries, Archives, and Museums Enjoy the Same Exceptions?

The Supreme Court of Canada has spoken repeatedly of users’ *rights*, not merely of exceptions to the rights of rightsholders. From this perspective, it seems difficult to justify giving users greater or lesser access based upon the ownership of the entity from whom the access is sought. This is the more obvious in an era of increasing public-private sector partnership. Surely user resources should not be dependent upon whether they choose to access them through the public sector or non-profit partner or the for-profit partner; the more so as the public and private sectors are increasingly integrated in the delivery of services to Canadians.

It is true that the Supreme Court which decided the *CCH v. Law Society of Upper Canada* and “Tariff 22” cases is a composition of the Court which no longer exists; however, a majority of the court remains.¹³⁵ Despite the loss of two judges from that Court,¹³⁶ Canada is fortunate that its Supreme Court has been, and continues to be, relatively experienced in intellectual

134 Council of Ministers of Education, Canada, “Statement on Copyright from the Following Provinces and Territories: Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, Northwest Territories, Nova Scotia, Ontario, Prince Edward Island, Saskatchewan, Yukon” (February 1995). <www.cmec.ca/copyright/stat-eng.htm>, s. 1, Definition of Educational Institution.

135 Justice Louise Arbour left the court in late June of 2004, having accepted the nomination from Secretary General Kofi Annan to become United Nations High Commissioner for Human Rights. Justice Frank Iacobucci also left the Court in June 2004, ostensibly looking forward to retirement, but actually to step into the responsibilities of the Presidency of the University of Toronto on an interim basis. Justices Rosalie Abella and Louise Charron have replaced them. Justice John Major has signaled his intention to retire from the Court.

136 Of whom Justice Frank Iacobucci, in particular, had considerable past experience in intellectual property matters, having worked in the late 1980s on cases in the patent area, in particular. Justice Iacobucci was also later on the Federal Court, where he heard at least thirteen intellectual property cases and was Chief Justice for two years.

property law decision-making and practice.¹³⁷ It appears unlikely that the Court will back away from the strong stand it has taken on a “users’ rights” perspective which it insists must be considered on balance with the rights of copyright holders.

F. CONCLUSION

Rather than continuing to distinguish between the rights to be made available to users based on the ownership of the institution from which the users have sought information, the Government should consider all educational institutions and libraries and archives and museums based on their functions. To do otherwise appears inconsistent with the conversation about users’ rights now firmly entrenched in the Supreme Court of Canada.

The proposed amendments for enabling remote students to view a lecture using network technology and permitting the electronic desktop delivery of material directly to an interlibrary loan patron seem unnecessary given the parameters of the existing fair dealing exception described by the Supreme Court of Canada — and the requirements for reasonable and effective safeguards seem an impractical and unreasonable burden on these institutions, one which the Supreme Court has indicated that ISPs do not have to shoulder.

The proposal for permitting the electronic delivery of material covered by an educational institution’s blanket reprography licence with a collective society, “unless the licence in question provides for such delivery,” is, at best, ill-timed. The issues it is apparently meant to address are indistinguishable from those the Government has chosen not to address at this time. As operationalized by Bill C-60, the idea appears to be trying to force the collective administration of rights in this area beyond the scope of certainty currently available in terms of the business model being developed by the collectives and the known limits of the rights involved.¹³⁸

¹³⁷ Chief Justice McLachlin, for example, handled several important intellectual property cases during her sojourn on the Supreme Court of British Columbia, as well as acting as counsel on at least one reported case from the 1970s. Justice Binnie practiced intellectual property litigation extensively, particularly in the patent area, while with the law firm of McCarthy Tétrault. Many of the other Justices have heard intellectual property cases while on their respective provincial court benches. Amongst more recent appointments to the Court, Justice Deschamps has experience in practice as counsel in the trademark area.

¹³⁸ In the 2004 *Interim Report* (above note 27, at Recommendation 6), the Committee advocated a collective administration solution to all the problems of technology-enhanced learning:

The users' rights language of the Supreme Court of Canada is strong, rights-based language and offers a powerful alternative to the potential tyranny of rightsholders' interests signaled by the mandatory language in the *Berne Convention*, *NAFTA*, and *TRIPS* agreements. The Government may wish to bear in mind that a strong connection may be drawn between the rights-based language of the Supreme Court of Canada in this area and the right to freedom of expression, including rights to access information, under section 2(b) of the *Charter of Rights and Freedoms*.¹³⁹

The Committee recommends that the Government of Canada put in place a regime of extended collective licensing to ensure that educational institutions' use of information and communications technologies to deliver copyright protected works can be more efficiently licensed.

Although, again, the Committee applied the caveat: "Such a licensing regime must recognize that the collective should not apply a fee to publicly available material." (Recommendation 6). While the Committee's solution may not be appropriate, its attitude toward all technology-enhanced learning as requiring one consistent approach seems wiser than the piecemeal approach the Government is attempting in the Statement (above note 3) and Bill C-60 (above note 4).

¹³⁹ *Canadian Charter of Rights and Freedoms, Part I of the Constitution Act 1982*, being Schedule B to *The Canada Act 1982* (U.K.), 1982, c.11, <<http://laws.justice.gc.ca/en/charter/>>. It is not possible to definitively predict the outcome of a *Charter* challenge to legislation which upsets the balance between the rights of copyright holders and users now delineated by the Supreme Court of Canada; and a full analysis is the subject of another article. However, the language of the Court in recent copyright decisions flags the possibility of a constitutional check on Parliament's ability to diminish user rights in the name of compliance with trade obligations that favour rightsholders' rights over access.

The Changing Landscape of Academic Libraries and Copyright Policy:

Interlibrary Loans, Electronic Reserves, and Distance Education

Samuel E. Trosow*

A. INTRODUCTION

This essay examines the relationship between the development of copyright law and policy, and the changing nature of academic library and instructional services in the digital environment. The subject is particularly relevant in Canada, because the federal government has been undertaking consultation and study geared toward amending the *Copyright Act*,¹ which recently culminated in the tabling of Bill C-60.² The Bill contains a number of proposed amendments to the Act that are of interest to librarians, educators, administrators, and students. Before delving into the details of these proposals, some general background on the importance of copyright issues to the academic and library communities will be discussed.

Traditionally, copyright issues were somewhat peripheral to the operation and functioning of the typical college or university. Students read textbooks and went to classrooms where lectures were the usual mode

* The author would like to acknowledge the research assistance of Emma Hill Kepron (M.L.I.S. Candidate, UWO), Kaitlin Norman (LL.B. candidate, University of Windsor), and Karl McNamara (LL.B. candidate, UWO) as well as the helpful comments and suggestions received from Paul Whitney and by the editor and reviewers of this volume.

1 R.S.C. 1985 c. C-42, <www.canlii.org/ca/sta/c-42> [the Act].

2 *An Act to Amend the Copyright Act*, First Reading, June 20, 2005 <www.parl.gc.ca/PDF/38/1/parlbus/chambus/house/bills/government/C-60_1.PDF>.

of instruction, supplemented by discussion groups, lab sessions, or field-work. The campus represented a sense of place, segmented into classrooms, offices, and libraries, each with their own particular function. The library performed various set services, but mainly provided the academic community with a collection of books which could be borrowed; a collection of magazines, newspapers, and periodicals which could be read in the library; and an array of reference materials and services to help the patron find her way. Some larger libraries also housed collections of government documents, special collections and archives, or other matters of local interest. In this environment, copyright issues were not generally of great concern to administrators, faculty, library staff, and students.

The introduction of the photocopy machine began to raise concern and awareness about copyright matters. As stated by the Association of Universities and Colleges of Canada (AUCC), engaging in the act of copying is central to the activities of the modern college or university:

Every day across Canada, university professors, staff and students make thousands of photocopies. Books, journal articles, speeches, sections from plays — they're all being copied. The copies help students learn, assist professors in their teaching and research, and facilitate the smooth running of the university.³

Nevertheless, compared to the challenges posed by the digital environment, photocopy issues remained relatively simple and contained. In recent years however, copyright issues have become wide-spread in many aspects of campus library services. The breakdown of traditional functions through the convergence of libraries, classrooms, and living space, concurrent with the introduction of computer networks, has made the circulation and flow of digital information resources pervasive in the networked university. As well, the boundaries between separate campuses are also blurring as more libraries enter joint arrangements and consortia, and distance education allows students to obtain educational services regardless of their physical location.

Much public attention has focused on the downloading of music files by students through university networks, and indeed much of the press attention given to copyright revision has centered on music file-sharing. However, most of the emerging academic and library-related copyright is-

3 “COPYING RIGHT: A guide for Canada’s universities to copyright, fair dealing and collective licensing” (2002), <www.aucc.ca/_pdf/english/publications/copying2002_e.pdf>.

sues involve the delivery of educational content. There are many examples of how new applications of modern information and communications technology intersects with copyright issues in the campus environment. The infusion of multimedia resources into the classroom through direct Internet hookups that enable in-class web browsing, the use of sophisticated presentation software packages, and the presence of VCRs, CD-ROM, and DVD players all converge to make the modern classroom very different from the traditional low-tech world of the lecture, chalkboard, and flip-chart. In the library, the physical card catalogue has been replaced by online catalogues, which are increasingly linked to the content itself through a complicated web of electronic networks and licensing agreements. Likewise, the introduction of electronic course reserves, together with the availability of a variety of courseware packages and the instructors' growing ability to create their own course-specific websites, continue to magnify the complexity of campus copyright issues with respect to the delivery of course content.

Add to this mix the ability of students to seamlessly access the Internet in a variety of locations, first through Internet hookups and more recently through wireless networks, and it is evident that the educational experience can be enriched by technology-enabled means of interaction and communications. At the same time, the instances of potential copying, communicating, distributing, or performing works that are protected by copyright are greatly magnified.

A full discussion of the copyright implications of all of these changes in educational technology is beyond the scope of this essay. However, it is important to begin with recognition of the magnitude of these changes in higher education. Policymakers who are grappling with amendments to the *Copyright Act* need to proceed with extreme caution lest the potentials of this wide range of technology-enhanced learning opportunities be stifled. It is an overly simplistic analysis to look at modern technological changes with respect to the issue of music file-sharing, and reach the conclusion that expanding copyright restrictions are imperative across the board.

This expansionary argument starts with the assumption that as technology makes it easier for users of information resources to share content, there is a corresponding need to match such technological changes with increased restrictions on user access through new forms of technological controls, increasing the scope and reach of copyright, restricting exceptions and limitations on enforcement, and increasing penalties as well as modes of enforcement. Unfortunately, this line of reasoning has been prevalent throughout much of the policy discussions leading up to the ta-

bling of specific amendments to the *Copyright Act*. This tendency was most notable throughout the discussion and recommendations contained in the *Interim Report on Copyright Reform* (the *Bulte Report*),⁴ which was issued by the Standing Committee on Canadian Heritage in May of 2004. This document stands as an exemplar of the type of one-dimensional, overly simplistic, and unbalanced reasoning that should be rejected as a mode of policy analysis. In each of the areas it considers, the *Bulte Report* engages in an analysis that inevitably reaches the conclusion that more copyright restrictions are needed in order to keep pace with the threats posed by modern information technology. A better approach would recognize that modern information technology provides many opportunities for advances in learning, teaching, research, and scholarship. Rather than attempt to inhibit the use and further development of these new educational tools and strategies that leverage such advances, public policies should be crafted to encourage innovation by carefully balancing the needs of creators, users, and rights holders. As recently noted by the Canadian Federation for the Humanities and Social Sciences (CFHSS):

Balancing the rights of users and creators is difficult, not only because they are often the same persons in different capacities, but because the distribution of their works increasingly depends on transferring copyright interests to third party rights-holders who are not necessarily involved in the creative process Humanists and social scientists take as their primary objects of study works that are or have once been copyrighted. The dissemination of knowledge, through teaching, publication and conferences, is the core outcome of our disciplines. Our primary products, beyond the education of graduate and undergraduate students, are in the form of copyrighted works.⁵

The deeper level of policy analysis needed to achieve this balance requires an accounting of the social costs and losses that result from an overly-ambitious copyright regime, and a recognition of the costs of “over-protection.” To simply focus on the “under-protection” that large right-

4 Standing Committee on Canadian Heritage, *Interim Report on Copyright Reform: Report of the Standing Committee on Canadian Heritage* (May 2004) <www.parl.gc.ca/InfocomDoc/Documents/37/3/parlbus/commbus/house/reports/herirp01/herirp01-e.pdf>. The Report is popularly referred to as the *Bulte Report*, named after Sarmite Bulte, the Chairperson of the Committee [*Bulte Report*].

5 Canadian Federation for the Humanities and Social Sciences, *Position on Copyright Reform* (March, 2005), <www.fedcan.ca/english/pdf/advocacy/CFHSS-CopyrightPosition-e.pdf>.

holders claim is destructive of their revenue streams only considers part of the problem. As the Canadian Supreme Court observed in 2002, the proper balance to be applied to copyright policy “lies not only in recognizing the creator’s rights but in giving due weight to their limited nature. In crassly economic terms it would be as inefficient to overcompensate artists and authors for the right of reproduction as it would be self-defeating to undercompensate them.”⁶ The court also made it clear that “[e]xcessive control by holders of copyrights and other forms of intellectual property may unduly limit the ability of the public domain to incorporate and embellish creative innovation in the long-term interests of society as a whole, or create practical obstacles to proper utilization.”⁷ More recently, the court continued this line of reasoning; in a unanimous decision they reiterated that “the purpose of copyright law was to balance the public interest in promoting the encouragement and dissemination of works of the arts and intellect and obtaining a just reward for the creator.”⁸ In ruling on the appropriate threshold of originality required for copyright to subsist, they rejected setting the standard too low because it would “tip the scale in favour of the author’s or creator’s rights, at the loss of society’s interest in maintaining a robust public domain that could help foster future creative innovation.”⁹ This logic carried into their discussion of fair dealing, where they made this very significant pronouncement:

... it is important to clarify some general considerations about exceptions to copyright infringement. Procedurally, a defendant is required to prove that his or her dealing with a work has been fair; however, the fair dealing exception is perhaps more properly understood as an integral part of the *Copyright Act* than simply a defence. Any act falling within the fair dealing exception will not be an infringement of copyright. The fair dealing exception, like other exceptions in the *Copyright Act*, is a user’s right. In order to maintain the proper balance between the rights of a copyright owner and users’ interests, it must not be interpreted restrictively.¹⁰

6 *Théberge v. Galerie d’Art du Petit Champlain inc.*, 2002 SCC 34, [2002] 2 S.C.R. 336, <www.canlii.org/ca/cas/scc/2002/2002scc34.html> at para. 31.

7 *Ibid.* at para. 32.

8 *CCH v. Law Society of Upper Canada*, 2004 SCC 13, <www.canlii.org/ca/cas/scc/2004/2004scc13.html>, [2004] 1 S.C.R. 339, at para. 23 [*CCH* cited to S.C.R.].

9 *Ibid.*

10 *Ibid.* at para. 48.

The court goes on to quote David Vaver for the proposition that “[u]ser rights are not just loopholes. Both owner rights and user rights should therefore be given the fair and balanced reading that befits remedial legislation.”¹¹ These recent judicial pronouncements all demonstrate the need for such a deeper level of policy analysis when trying to balance the tension between new forms of information technologies and existing proprietary interests.¹²

Without undertaking the massive task of cataloguing and evaluating all of the emerging forms of educational technologies and strategies, which are often referred to as “technology enhanced learning,”¹³ this essay will focus on the provision of electronic interlibrary loan services by academic libraries and will also address similar issues being raised by electronic course reserves and technology-enabled distance education.

All of these areas provide examples of how policy issues arise as universities enter the electronic networked environment. The ability of library and educational institutions to effectively utilize and implement technology-enabled strategies such as electronic interlibrary loan, electronic reserves, and distance education programs is especially acute for Canada’s remote and rural communities,¹⁴ particularly in the North.¹⁵

11 *Ibid.*, citing Vaver, below note 21 at 171.

12 See also *Society of Composers, Authors and Music Publishers of Canada v. Canadian Assn. of Internet Providers*, [2004] 2 S.C.R. 427, 2004 SCC 45, at para. 40 (“The capacity of the Internet to disseminate ‘works of the arts and intellect’ is one of the great innovations of the information age. Its use should be facilitated rather than discouraged, but this should not be done unfairly at the expense of those who created the works of arts and intellect in the first place.”).

13 See Ronald Hirshhorn, *Assessing the Economic Impact of Copyright Reform in the Area of Technology-Enhanced Learning* (2003, prepared for Marketplace Framework Policy Branch, Industry Canada), <strategis.ic.gc.ca/epic/internet/inippddppi.nsf/vwapj/hirshhorn_final_e.pdf/\$FILE/hirshhorn_final_e.pdf>.

14 In order to facilitate online access in underserved areas, Industry Canada has established the Community Access Program (CAP), which “plays a crucial role in bridging the digital divide; contributing to the foundation for electronic access to government services; encouraging on-line learning and literacy; fostering the development of community based infrastructure; and, promoting Canadian e-commerce.” <http://cap.ic.gc.ca/pub/about_us/whatisicap.html>.

15 See Patricia Doucette, “Incorporating Inuit Qaujimaqtuqangit into Library Service and Programs — or Vice Versa?” *Feliciter* 2003(5): 260, 261 (the librarian at Nunavut Arctic College noting: “both students and staff felt that traditional interlibrary loan was failing them. Courses at the College are taught in three week modules, so by the time an interlibrary loan arrives by mail (an average wait of two and a half weeks) the course is over.”) See also, Yvonne Earle, “Mak-

With respect to these issues, I will argue that the provisions of Bill C-60 fall short of promoting the balance necessary in copyright reform, and fail to account for the broader scope and nature of the fair dealing provisions that exist already. The Bill also introduces an unacceptable level of complexity and uncertainty into the *Copyright Act* at a time when more people need to be able to understand it.

It is hoped that this discussion will contribute to an understanding that music-file sharing is neither the only, nor the most significant copyright issue facing Canadian higher education and its stakeholders. Music file sharing is merely one use of technology that is present in the copyright landscape and those that are used to promote teaching and research should not be painted with the same brush. It is important that copyright policy be viewed through a multidimensional lens, and never be reduced to a simple one-size-fits-all example, regardless of how interesting or controversial that example might be.

B. INTERLIBRARY LOANS AND COPYRIGHT POLICY

1) Interlibrary Loan Services

Interlibrary loans form an integral part of modern library services. As the American Library Association has noted:

In the interest of providing quality service, libraries have an obligation to obtain material to meet the informational needs of users when local resources do not meet those needs. Interlibrary loan (ILL), a mechanism for obtaining material is essential to the vitality of all libraries.¹⁶

In describing the purposes of ILL services, the ALA states it “is intended to complement local collections and is not a substitute for good library collections ... [and] is based on a tradition of sharing resources between various types and sizes of libraries”¹⁷

ing Resources go Further: A Resource Sharing Project in Nunavut,” *Felicitier* 2003(3): 150.

- 16 American Library Association, Reference and User Services Association, *Interlibrary Loan Code for the United States*, <www.ala.org/rusaTemplate.cfm?Section=referenceguide&Template=/ContentManagement/ContentDisplay.cfm&ContentID=3157>. See also Bibliographical Center for Research (BCR), *Reciprocal ILL Agreements: BCR Interlibrary Loan Code*, (2002) <www.bcr.org/resourcesharing/illcd.html>.
- 17 *Interlibrary Loan Code for the United States Explanatory Supplement* (section 2), <www.ala.org/ala/rusa/rusaprotools/referenceguide/interlibraryloancode.htm>.

Interlibrary loan services take on a number of forms. One form of the service is where a patron wishes to borrow a book and their home library does not hold it. In that case the home library tries to obtain a circulating copy of the work from another library with which it has an interlibrary loan agreement. This type of interlibrary loan transaction does not involve any additional copyright-relevant events.

The second, and more common, form of interlibrary loan is where the patron needs an article, or a passage from a book, and the work that contains it is unavailable in their home library. In this case, the interlibrary service will attempt to procure a copy of the work for the patron, just as if it were held in the home library. Rather than send out a non-circulating item such as a journal or magazine, the providing library will send a copy of the requested material to the requesting library. The decision to make a copy of a journal article rather than send the journal volume itself to the requesting institution is a matter of sound library policy. It is based on the overall assessment that the interests of patron access are best served if certain types of materials are not removed from the library. Furthermore, if the article is available electronically, sending it on to the requesting library in electronic format will avoid delay as well as the expense of duplication and postage. Whether the requesting library may in turn provide the requesting patron with the electronic file is another question, which will be addressed below.

Another variant of interlibrary loan service is the document delivery service. In this case a library has created a special department that handles external requests, either from other libraries or directly from patrons, and fills requests for a fee. This type of fee-based premium service is often utilized in special libraries serving specialized clientele. In *CCH v. Law Society of Upper Canada*, the controversy was premised on the activities of a document delivery service operated in a law library, which provided materials to the legal community for a fee.

2) Interlibrary Loan Services and Copyright Policy

The provision of the second and third variants of interlibrary loan services does involve additional copyright-relevant events since copies are being made of protected works. However, the act of copying in order to satisfy an interlibrary loan request will probably not be actionable infringement for a number of reasons. First, the particular instance of copying might not amount to a substantial reproduction, in which case, there is no implication for the owners' reproduction right. Section 3 of the *Copyright Act*

gives the owner of the copyright the “sole right to produce or reproduce the work or any substantial part thereof in any material form whatever.”

Second, there might not be an infringement because the consent of the owner of the copyright might have been obtained. Section 27(1) of the Act provides “[i]t is an infringement of copyright for any person to do, without the consent of the owner of the copyright, anything that by this Act only the owner of the copyright has the right to do.”

Accordingly, there is always a factual question as to whether the allegedly unauthorized act was based on some form of consent. This consent might be expressed or implied, and it might be based on the existence of contracts or licenses between the copyright owner or their representative and the institution. Assuming the act of copying falls under section 3 and assuming that there is no consent, then there is a *prima facie* case of infringement under section 27.

However, the analysis does not stop there because Part III of the *Copyright Act* contains a series of provisions that permits certain types of reproductions that would otherwise constitute infringement. The most important of these exceptions, or justifications, are the fair dealing provisions contained in section 29 (with respect to research or private study), section 29.1 (with respect to criticism or review), and section 29.2 (with respect to news reporting). In addition to the general fair dealing provision, the Act goes on to set forth a number of specific exceptions that are applicable to particular situations. For example, sections 29.4 through 29.9 contain exceptions that are applicable to certain defined educational institutions.¹⁸ Sections 30.1 through 30.4 provide additional specific exceptions that are available only to certain “libraries, archives and museums.”¹⁹

18 Under s. 2 of the *Copyright Act*, “educational institution” means

- (a) a non-profit institution licensed or recognized by or under an Act of Parliament or the legislature of a province to provide pre-school, elementary, secondary or post-secondary education,
- (b) a non-profit institution that is directed or controlled by a board of education regulated by or under an Act of the legislature of a province and that provides continuing, professional or vocational education or training,
- (c) a department or agency of any order of government, or any non-profit body, that controls or supervises education or training referred to in paragraph (a) or (b), or
- (d) any other non-profit institution prescribed by regulation;

19 Defined by s. 2 as (a) “an institution, whether or not incorporated, that is not established or conducted for profit or that does not form a part of, or is not administered or directly or indirectly controlled by, a body that is established or conducted for profit, in which is held and maintained a collection of documents

While any institution may try to use section 29, only certain institutions qualify for the special exemptions. It is crucial to understand this interrelationship between sections 29, and the special exemptions such as section 30.2. Otherwise, one runs the risk of reading sections such as 30.2 as being the exclusive exception under any and all circumstances. In such a case, the benefits to users and institutions provided by section 29 would be lost.

The special educational and library exemptions were added to the *Copyright Act* in the last round of statutory revision in 1997,²⁰ often referred to as the “Phase II amendments.” Speaking about the background of the 1997 library amendments, David Vaver writes:

For some time, copyright owners had claimed that many activities carried on by or in LAMs [libraries, archives or museums] infringed owner rights. After 1988, collective societies began to form and to press institutions to enter agreements with them to cover photocopying practices. Some LAMs — especially those in schools, colleges, and universities — became included in agreements with collective societies like CanCopy and Union des écrivaines et d’écrivains québécois (UNEQ), under which fees were paid for library photocopying.²¹

Given the increasingly aggressive posture of agencies such as CanCopy, many librarians were hesitant to rely on the fair dealing provisions to protect their activities. As librarian Judith McAnanama wrote in 1991, [t]he dilemma faced by the library community is that revisions to the *Copyright Act* which allow for the establishment of collectives have been enacted whereas the legislation to provide for library exceptions has not yet even been drafted.”²² As Convenor of the Canadian Library Association Copyright Committee, she was well positioned to understand the concerns of librarians at the time. She went on to state that “further amendments to the *Copyright Act* to include the exemptions outlined in this article [i.e. those added to the Act in 1997] will remove current confusion over the interpretation of fair dealing and will provide a fair and reasonable envi-

and other materials that is open to the public or to researchers, or (b) any other non-profit institution prescribed by regulation.”

20 *An Act to amend the Copyright Act*, Assented to 25 April 1997, <www.parl.gc.ca/bills/government/C-32/C-32_4/C-32TOCE.html>.

21 David Vaver, *Copyright Law* (Toronto: Irwin Law, 2000) at 200.

22 Judith McAnanama, “Copyright Law: Libraries and Their Users Have Special Needs,” 6 I.P.J. 225, 237.

ronment in which collectives can operate.”²³ The library community’s interpretation that further specific amendments were needed as a backup to the fair-dealing provisions seemed reasonable at the time, and Vaver’s observation, that “[t]he 1997 Act will require robust interpretation if the structure it sets up is to work smoothly” was prescient. I would argue however that the 1997 amendments were not interpreted robustly by librarians. It would seem as if these exceptions were read literally as limitations that rendered section 29 inapplicable.

The fair dealing doctrine became submerged by the minutiae of the 1997 amendments, and it took the Canadian Supreme Court to rescue it from its state of latency. In *CCH v. Law Society of Upper Canada*,²⁴ a case dealing with a document delivery service operated by a law library, the court specifically addressed the relationship between one of the special exemptions and fair dealing:

As an integral part of the scheme of copyright law, the section 29 fair dealing exception is always available. Simply put, a library can always attempt to prove that its dealings with a copyrighted work are fair under section 29 of the *Copyright Act*. It is only if a library were unable to make out the fair dealing exception under s. 29 that it would need to turn to s. 30.2 of the *Copyright Act* to prove that it qualified for the library exemption.²⁵

Accordingly, whenever one approaches a problem involving copyright analysis (i.e., would doing x, y, or z result in actionable copyright infringement?) it is important to remember that there are several levels to the analysis. It is not appropriate to simply locate a section that seems particularly applicable, and then try to apply that one section in isolation from all of the others. Instead, the *Copyright Act* consists of a series of inter-related provisions that need to be read together as a coherent and integrated whole. This holistic approach can often yield a very different result than reading one isolated section out of context, and it results in an interpretation of the sections that represents the balance between user and owner rights that Parliament intended..

Table 1 summarizes the differences between the general fair dealing sections (29, 29.1, and 29.2) and the special exception contained in section 30.2.

²³ *Ibid.*

²⁴ Above note 8.

²⁵ *Ibid.* at para. 49.

Table 1: Comparison of Fair Dealing with Special Exemption for Interlibrary Loan

	Fair dealing			Special exemption
	s. 29	s. 29.1	s. 29.2	s. 30.2
Available to what institutions?	No express limitation. Fair dealing is available to any institution (although the nature of the institution may be a factor in the determination of whether the dealing was “fair”)			Limited to statutorily defined “Libraries, Archives and Museums” as per section 2 definition
Applies to what materials in the library’s collection?	No express limitation, can apply to any material (although the nature of the work may be a factor in the determination of whether the dealing was “fair”)			Subsection 30.2(2) distinguishes between types of periodicals, the date of publication, and the type of work
Patron’s purpose must be ...	Research or private study	Criticism or review	News reporting	Research or private study
Factual inquiry?	Dealing must be “fair” under the circumstances. The criteria are enumerated in <i>CCH v. LSUC</i> .			No additional factual inquiry is required
Record-keeping requirements	No express record keeping requirements (although the library’s practices and policies may be considered a factor in the determination of whether the dealing was “fair”)			Per regulations. Former requirements expired December 2003
Delivery to patron	No express limitation on manner in which materials may be delivered to patron (although the manner of distribution may be considered a factor in the determination of whether the dealing was “fair”)			Patron may not be given electronic copy per subsection (5)
Bill C- 60 proposed amendment	Not explicitly mentioned			Patron may be given electronic copy if certain specified criteria are met

While section 29 does not contain specific technological limitations on the availability of the exception to infringement, section 30.2(5) provides

that electronic copies may not be provided to the patron.²⁶ Similarly, while section 29 does not expressly distinguish between the different types, or genres, of works within its scope, section 30.2(2) distinguishes between a “scholarly, scientific or technical periodical” and a “newspaper or periodical, other than a scholarly, scientific or technical periodical.” Further, the newspaper or other periodical is then differentiated based on date of publication and then again by the type of work. For instance, under section 30.2(2), it is not an infringement of copyright for a library, archive, or museum, or someone acting under its authority, to make by reprographic reproduction (for any person requesting to use the copy for research or private study), a copy of a work that is, or that is contained in, an article published in a scholarly, scientific, or technical periodical, or a copy of a work that is in a newspaper or periodical published more than one year before the copy is made. The distinction created here between an article in a “scholarly, scientific or technical” periodical and one in an ordinary magazine or newspaper is unfortunate since it adds a large degree of complexity to what should be a simple matter. Although this distinction (and others under section 30.2) might seem significant at first glance, when we consider how much section 29 overlaps with section 30.2, it becomes clear that in most cases, s. 30.2 does not provide libraries with much in the way of additional protection.

Since the limitation to patron uses which constitute research or private study seems co-extensive with section 29, there does not appear to be any reason to make the genre-based distinction under section 30.2 where section 29 applies. The limitation also seems redundant when we consider that if the patron’s intended use is either criticism, review, or news reporting, (and the dealing is “fair”) they would be able to make copies under sections 29.1 and 29.2 respectively, regardless of the distinction made in section 30.2 between scholarly, scientific, or technical periodicals and ordinary magazines and newspapers.

To complicate matters even more, under section 30.2(3), you can’t use the protection afforded by 30.2(2) in the case of a newspaper or magazine where the item constitutes “a work of fiction or poetry or a dramatic or

26 Section 30.2 (5) provides: “A library, archive or museum or a person acting under the authority of a library, archive or museum may do, on behalf of a person who is a patron of another library, archive or museum, anything under subsection (1) or (2) [permitting certain copying by or for patrons of the library] in relation to printed matter that it is authorized by this section to do on behalf of a person who is one of its patrons, but the copy given to the patron must not be in digital form.”

musical work" (even if it is more than one year old). In addition, section 30.2(6) allows for the promulgation of regulations to define what is meant by terms such as "newspaper," "periodical," and "scholarly, scientific and technical periodicals"; as well as for the establishment of record keeping requirements.²⁷

It seems evident that so long as the patron is dealing fairly with the materials for purposes of research or private study, the use falls within the protection of section 29, which provides that "[f]air dealing for the purpose of research or private study does not infringe copyright." Section 29.1 and 29.2 apply the same rule, subject to certain attribution criteria, to criticism or review and news reporting, respectively. If the use falls within one of the categories (research, private study, news reporting, criticism, or review), then the inquiry turns to the factual question of whether the dealing was fair under the circumstances. This two-part fair dealing analysis applies regardless of the genre of the work, its date, or the manner in which content is delivered to the patron.²⁸

Since the fair dealing provisions are always available to a library, and the evaluation of the use will be based on that as made in the hands of the end-user patron, it seems that section 30.2(5) is redundant and should not be used, except in those situations where the defence of fair-dealing under section 29, 29.1, or 29.2 is for some reason unavailable. It is very difficult to conceive of a situation in which section 30.2 would apply and section 29 would not. Combine this with the fact that the limitations in section 30.2 are highly specific, and it is easy to see how section 30.2 can be misconstrued as a limitation on the section 29 fair-dealing provisions with respect to interlibrary loans.

To reiterate this crucial point, interlibrary loan services, to the extent that they involve copyright-relevant activities, may be justified under both the general fair dealing exceptions (sections 29, 29.1, or 29.2) as well as under the specific library exception (section 30.2). These sections do not conflict with each other, since they are all an integral part of a statutory scheme and need to be read together. If something can be done under section 29, then the fact that it cannot be done under section 30.2 is not relevant unless the protections of section 29 are for some reason unavailable to the library or to the patron. At that point, the library, archive, or mu-

27 See: *Exception for Educational Institutions, Libraries, Archives and Museums Regulations* (SOR/ 99-325) <www.cb-cda.gc.ca/info/regulations/99325-e.html>.

28 First, fit the reproduction within a category; second, determine whether the dealing was fair.

seum may make use of the special provisions in section 30.2, presuming of course that they meet the statutory definition contained in section 2. But since the exemptions contained in section 30.2 are rife with counter-exceptions and severely limited, it is very hard to conceive of an example of where 30.2 would be necessary to make any difference in the outcome of a case. Unfortunately, the limitations of 30.2 tend to be read out of context, to the point where the limitations contained in the section are being conflated with the limitations of the Act as a whole. And to emphasize the crucial point, such a reading results in an interpretation that upsets the balance of users' and owners' rights that should exist.

A process of ongoing review was mandated by section 92 of the *Copyright Act*, added as part of the Phase II amendments in 1997.²⁹ Unfortunately, the Section 92 Report failed to seriously address the confusion raised by the disparity between the general fair dealing section and the specific sections pertaining to libraries or educational institutions. The report failed to discuss the interrelationships between general fair dealing and the subsequent specialized exemptions for libraries and educational institutions. Of perhaps greater significance, the *Report* failed to grasp the significance of the *Théberge* case³⁰ in terms of the policy direction that the Court was setting, which was to balance users' and owner's rights so as to allow for innovation and avoid obstacles to necessary uses of works.

While an earlier section of the Report referenced the *Théberge* decision, it did so only with respect to the issue of reproduction of artistic works, raising the issue of whether new statutory rights should be considered in light of the case.³¹ This failure of the report to acknowledge the broader policy direction set in *Théberge* resulted in an inappropriate analysis that

29 Section 92 (1) provides that "[w]ithin five years after the coming into force of this section, the Minister shall cause to be laid before both Houses of Parliament a report on the provisions and operation of this Act, including any recommendations for amendments to this Act." This Section 92 Report was tabled in the House in December 2002. Industry Canada, *Supporting Culture and Innovation: Report on the Provisions and Operation of the Copyright Act* (October 2002), <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp00863e.html>> [the Section 92 Report].

30 Above note 6.

31 Section 92 Report, at 20. The Report asked "[w]hether the Act should be amended to change the definition of "reproduction" as it relates to artistic works." (*ibid.*, at 20). The Report indicates that "[a]rtists have expressed concern that the reproduction right may be inadequate to protect what they view as their right to prevent such copying of their works by people who can take advantage of new technologies to transfer works without producing additional copies." (*ibid.*)

was carried forward through subsequent policy documents. As a result, these documents never did properly take the ongoing statements from the courts about the importance of users' rights into account. The lack of appreciation for the recent writings of the Supreme Court certainly was evident throughout the *Bulte Report*, as remains evident throughout the text of Bill C-60 itself.

To read the source materials leading up to the statutory text as tabled, one gets the impression that section 30(2) is the sole section governing interlibrary loans and that section 29 does not even exist.

3) From the Section 92 Report to Bill C-60

Under the requirements of section 92(2)³² the recommendations of the Section 92 Report were eventually taken up by the House Standing Committee on Heritage. The final report of the committee, issued in May of 2004 (the *Bulte Report*) clearly situates the authority for interlibrary loan activities in section 30.2 of the *Copyright Act*, which allows a library, archive, or museum to make a copy of certain periodical articles for a patron for the purposes of research or private study.³³ The Report went through a description of the current state of section 30.2 without reference to the fair dealing provisions, which are also clearly applicable. The Report framed the policy options as if section 30.2 existed in isolation and was not part of a broader statutory regime, which includes sections 29, 29.1, and 29.2.

The *Bulte Report* acknowledged that the "no electronic delivery requirement" as contained in section 30.2(5) is considered problematic by the library and research communities because it is inconsistent with the manner in which research is actually being conducted and because it introduces needless delay and expense into the process.³⁴ The *Report* also noted that in contrast, rights-holders "are concerned that electronic delivery of copyright material to library patrons will undermine the publishing in-

32 Which subsection provides: "(2) The report stands referred to the committee of the House of Commons, or of both Houses of Parliament, that is designated or established for that purpose, which shall (a) as soon as possible thereafter, review the report and undertake a comprehensive review of the provisions and operation of this Act; and (b) report to the House of Commons, or to both Houses of Parliament, within one year after the laying of the report of the Minister or any further time that the House of Commons, or both Houses of Parliament, may authorize."

33 *Bulte Report*, above note 4, section G at 18–21.

34 Librarians are extremely concerned about the costs of interlibrary loan services and are always thinking of ways to drive down the costs of providing this service.

dustry and result in loss of income ... [and] are further concerned that digital delivery of their works will result in the loss of control over further dissemination of their material.”³⁵ At this point, the Committee missed a good opportunity to engage in some substantive policy analysis, as these conflicting stakeholders’ claims could have been further assessed.

Without such further analysis, the *Bulte Report* set out two possible options that were derived from items 44(a) and 44(b) as contained in the *Status Report on Copyright Reform*,³⁶ dated March 24, 2004. The *Status Report* asked the question, “[h]ow to adapt existing exceptions for non-profit libraries, archives and museums to allow the electronic delivery of copyright material to patrons of other libraries,” and offered two options.

The first option was reflected in the subsequent *Government Statement on Proposals for Copyright Reform*,³⁷ and a more detailed version of it was incorporated into Bill C-60:

Amend the Act to extend existing exceptions to the electronic delivery of copyright material to library patrons, provided that there are adequate technical safeguards to prevent the recipient from forwarding it to others or making multiple copies. Consideration would also be given to allowing viewing only, with no possibility of making a copy. There have been significant advances in the ability to deliver material electronically in ways that the recipient cannot forward to another person or make more than one copy.³⁸

The second option, although somewhat tentative in its wording, formed the basis of the recommendation that was adopted by the *Bulte Report*:

Encourage licensing of the electronic delivery of copyright material to library patrons. Rights-holders would retain the ability to decide for themselves whether technological safeguards adopted by libraries are sufficient to adequately protect against the unauthorized dissemination of their material. Work would continue with all interested

35 Above note 4 at 19.

36 *Status Report on Copyright Reform* (submitted to the Standing Committee on Canadian Heritage by the Minister of Canadian Heritage and the Minister of Industry (24 March 2004), <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp01134e.html>> [Status Report].

37 Industry Canada and Canadian Heritage, *Government Statement on Proposals for Copyright Reform* (24 March 2005) <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp01142e.html>> [Government Statement].

38 *Status Report*, above note 36, at para. 44(a).

parties to promote this approach in a manner that enables rights-holders to have effective control over use of their material.³⁹

The *Bulte Report* itself recommended that interlibrary loan services be subsumed under an extended licensing regime, as reflected in Recommendation 7:

The Committee encourages the licensing of the electronic delivery of copyright protected material directly by rights holders to ensure the orderly and efficient electronic delivery of copyright material to library patrons for the purpose of research or private study. Where appropriate, the introduction of an extended collective licensing regime should also be considered.⁴⁰

In carefully comparing the language of *Status Report* section 43(b) with Recommendation 7 of the *Bulte Report*, we see that the Heritage Committee added an important clause. This reliance on extended licensing (which cuts across many of the other recommendations in the report) creates a discrepancy with the rights of users under section 29. This problem was recognized by public interest advocates, who rejected the notion that library patrons should have to pay a fee for access to materials that were to be used for research or private study, and that such restrictions put Canadian researchers at a disadvantage.⁴¹

By introducing the notion of extended licensing into a section of the Act that purports to be an exception, the exception itself is essentially being vitiated. In drafting any amendment to section 30.2, the close relationship between section 29 and section 30.2 needs to be kept in mind. While general and special exemptions need not be coextensive, they should not conflict with each other. By interjecting extended licensing into the interlibrary loan process, the *Bulte Report* falls into this trap by creating what would amount to a conflict with section 29. At the very least, a great deal of confusion would be created and the net result would be the elimination of many interlibrary loan transactions by risk-adverse institutions that

39 *Ibid.*, para. 44(b).

40 Above note 35, Recommendation 7 at 19.

41 See *CIPPIC/PIAC Response to Bulte Report* (21 June 2004) at 5–6, <www.cippic.ca/en/news/documents/Response_to_Bulte_Report_FINAL.pdf>. The response also noted at 6 that “[l]ibraries should not have to pay for the right to distribute electronic copies of materials to patrons that they are permitted to distribute in hard-copy form for free ... [and that] Increasing the cost of access to library materials by Canadians is not in the public interest.”

would be prone to follow the more restrictive of the two sections. As a practical matter, the broad protections under section 29, as well as whatever section 30.2 adds, would be vitiated without respect to interlibrary loan transactions.

While Recommendation 7 lacks specificity and cannot be interpreted directly as statutory text, it appears that its intention was indeed to weaken the exemptions for interlibrary loans in their entirety because the uses would be subject to licenses. The *Report* fails to account for the reality that most library resources are already subject to a direct license, that the library is already paying for a subscription, and that the license already contemplates a certain level of copying.

The subsequent *Government Statement on Proposals for Copyright Reform*⁴² somewhat ameliorates this tension by suggesting statutory text that recognizes the realities of library licensing practices and which would be consistent with section 29:

The electronic desktop delivery of certain copyright material directly to the patron would be permitted, provided that effective safeguards were in place to prevent the misuse of the material or of the inter-library loan service.⁴³

In response to the above passage from the Government Statement, the Canadian Library Association said:

CLA is pleased to see recognition in your announcement that the desktop delivery of copyrighted content by libraries should be permitted by legislation. It is recognized that the use of effective safeguards to limit subsequent dissemination may be required. There will be resistance to attempts to unduly limit what content may be provided in this way. If a library or individual can lawfully make a copy for research or private study, the library should be permitted to provide this content electronically. This right should not be limited to “certain copyright material, notably academic articles.” Why should constraints be placed on how a library provides a copy of a 50-year-old obituary from a local newspaper to a genealogist when the same constraints are not placed on providing an article from a history journal to the same user? This makes no sense and will lead

42 Industry Canada and Canadian Heritage, *Government Statement on Proposals for Copyright Reform* (24 March 2005) <<http://strategis.ic.gc.ca/epic/internet/incrp-rda.nsf/en/rp01142e.html>> [Government Statement].

43 *Ibid.*

to significant conflict between libraries and their users. It is inappropriate for legislation to hinder the application of technology in this arbitrary manner.⁴⁴

The language from the Government Statement was clearly preferable to Recommendation 7 in the *Bulte Report*. It was also preferable to the text in Bill C-60, which seems to be an attempt to find a middle ground between the *Bulte Report* and the Government Statement. The text from the Bill provides:

(5) Subsections (1) and (2) do not apply with respect to the making of a copy in digital form of printed matter and its provision to a person who has requested the copy through another library, archive or museum unless the library, archive, museum or person providing the copy takes measures that can reasonably be expected to prevent the making of any reproduction of the copy other than a single printing, its communication, or its use for a period of more than seven days.⁴⁵

The difference between this text and the Government Statement version is one of level of detail. While the Statement provides a general guideline, the bill supplies additional detail in the form of three technical requirements; the prevention of copying, the limitation to a single printing, and the seven-day destruction requirement.

But several questions should be raised about the need for this added detail and its potential for negative effects.

Would these specific requirements hamper the effectiveness of the interlibrary loan service? Are they in keeping with how library patrons actually go about conducting research? These sorts of questions need to be asked in order to grapple with the policy issue as it has been framed.

Regardless of the strengths of the Government Statement when read in comparison to the *Bulte Report* and the text of Bill C-60, its weaknesses should not be overlooked. As the Canadian Library Association (CLA) tries to articulate in its letter, there are still problems with section 30.2 that none of the reports address. Unfortunately, none of the relevant policy documents grapple with the serious and recurring confusion caused from the two tracks of exceptions. The various reports never confront the more basic question of whether or not section 30.2 is even needed in light of

44 Letter from CLA to Ministers Liza Frulla and David Emerson (21 April 2005), <www.cla.ca/issues/copyright_letter_april_21_2005.htm>.

45 Above note 2, at s. 19.

the Supreme Court's broad interpretation of section 29 in *CCH* let alone whether or not an extended-licensing system is necessary.

A purposive approach to policy analysis would require a careful assessment of the interests of all of the stakeholders. Why does it matter to library patrons in what format they receive their interlibrary loan materials? Why does it matter to libraries if they can deliver interlibrary loan content digitally or whether they must print it out first? And why do these issues matter to content owners or their representatives? Why should the interlibrary loan exception be limited based on type, date, or genre of the requested material? And most importantly, how are these different interests to be balanced in light of operative policy objectives?

Taken as a whole, the Section 92 Report, the *Bulte Report*, and the Government Statement fail to ask these questions. More significantly, they fail to explicitly address the operative policy objectives set by the Supreme Court in *Théberge*, *CCH*, and *SOCAN*. If the objectives were simply to increase the control of the types of works that are the subjects of interlibrary loans on the part of rights-holders, then the *Bulte Report* has selected the appropriate policy tool by opting for a pay per licensing approach.

However, if part of the policy calculus is to enhance the ability of libraries to provide services to their patrons, to leverage the vast expenditures already placed in our library systems, and to enable library users to obtain the full value of library collections regardless of which particular collection they happen to have most immediate access to, then the *Bulte Report* recommendation entirely misses the mark. Further, while the other option as set forth in the Government Statement⁴⁶ does less damage, and does not create an irreconcilable conflict with section 29, it still is not the optimal solution. The purpose of the special library exemptions, as best understood through the lens of the *CCH* decision, is to provide qualifying institutions with a second chance at being able to provide the service to the patron even in a situation where fair dealing would not be generally available. None of the policy documents to date attempt to discuss, much less readily identify and provide a justification for, the limitations that were placed in section 30.2 with respect to type of work, date of work, and genre of work as well as format of delivery. Accordingly, section 30.2(5) should be drafted in a form that is technologically and genre neutral, if it needs to remain in the Act at all.

46 Which is reflected in the text of Bill C-60 as submitted for First Reading.

4) Conclusion to Interlibrary Loans and Copyright

The text as presented in the first reading version of Bill C-60 with respect to interlibrary loans should, at the very least, be reworded to reflect the language as presented in the Government Statement. Further, the limitations contained in section 30(2) as to type of work, genre of material, and date of publication need to be reassessed as well. In the end, we need to ask the question: What purpose is served by including section 30(2) as a special exception, separate and apart from section 29, 29.1, and 29.2? The current statutory scheme creates a dual track for finding exceptions to infringement. If one of the purposes of copyright reform is to simplify the act and make it comprehensible to those communities affected by it, simplicity demands the elimination of superfluous sections. Somehow, the entire “copyright reform process” got off-track at some point. The original intent of section 92 would have been better served by revisiting some of the fine-points written into the 1997 amendments, taking into account both improvements in technologies as well as specific institutional practices. Educators, students, librarians, and administrators would have then been more central to the consultation process supporting the Phase III amendments. Instead, the consultation process became side-tracked by the needs of one specific stakeholder group, that being a subset of rights-holders and their representatives. How the needs of large rights-holders, many of which are based outside of Canada, and their representatives were able to so influence the process of statutory revision needs to be the subject of careful reflection.

In the case of interlibrary loans, the dual track that has come to exist between fair dealing and the specific exception has become a source of uncertainty and confusion. The net result is that many acts that would fall well within the parameters of fair dealing are not being done because of the express limitations on technology found in section 30.2. This same dynamic of confusion cuts across the other library and educational exemptions. While the proposed amendment to section 30.2(5) (which would somewhat expand the range of allowed technologies in interlibrary loans) does not help clear the thicket out of the dual track, compared to other sections of Bill C-60 pertaining to library and academic exceptions, they are the paragon of clarity. Before turning to the thicket of proposed sections 30.01 and 30.02, some background on electronic course reserves and distance education will be provided.

C. ELECTRONIC COURSE RESERVES AND DISTANCE LEARNING

1) E-Reserves and Copyright

One of the most promising aspects of modern information technologies in the academic setting is the enhanced ability to deliver course materials directly to students in an efficient, clear, and cost-effective manner. In many courses, the use of traditional textbooks is being replaced or supplemented by alternative forms of course materials. Many professors find that there is not one textbook that best represents the goals of the course and need to put together collections of readings from various sources. Traditionally, print based course-packs (or “readers”) have been used along with the placement of selected articles or books on physical reserve in the library.⁴⁷

The possibility of digitization creates many potential benefits to a course content delivery system regardless of whether the course materials are to be printed out and distributed as physical course readers, as paper or electronic course reserve materials held in libraries, or through various forms of web-based course delivery. The ability of libraries to support a system of electronic course reserves becomes all the more crucial where the institution is also offering distance education opportunities.

Paper-based course reserves have plagued students, faculty, and librarians alike. Consider these familiar scenarios:

- Students are unable to access course reserves because there is only one copy and someone else has it checked out. There is also a back-up for the two-hour reserve folders inasmuch as there is an exam scheduled for the next day.
- When the student finally gets her turn at the folder, she finds that the copy is of poor quality because on previous occasions students have taken the copy in the file and returned the copy they made, with a bit of degeneration of quality for each copying. Or perhaps the original is secured to the folder and remains intact, but getting

⁴⁷ Placing an item on “reserve” in the library means that it will not circulate outside of the library. There are “open reserves,” where the patron can browse the shelves, or “closed reserve” where items are kept behind a desk and staff assistance is needed. In either event, the patron is given the item for a short period of time. Usually, students will take reserve items directly to a photocopy machine so the materials may be read off-site.

quite tattered around the edges and much the worse for wear and tear. Where the original is not secured to the folder, the materials are often found out of order. Of course actually reading the article in the library wouldn't work well, a copy has to be made; the acquisition of the artifact being an integral part of the knowledge acquisition process.

- Library staff spending inordinate amounts of time dispensing two-hour reserve folders, taking ID cards, monitoring return times and assessing fines for late returns, responding to complaints about the photocopy machine, dispensing change, clearing paper jams, and the like.
- Faculty members hearing complaints from frustrated students that the readings are neither readily available nor in good order.
- Librarians hearing complaints from faculty members who have been hearing complaints from their students.⁴⁸

For purposes of copyright analysis, the transaction was simple: an individual end-user made a single copy for personal use. The paper-based course reserve presents a classic case of "fair-use" or "fair-dealing." Law librarian and copyright scholar Laura Gasaway wrote that "librarians see the library as an extension of the classroom with the creation and maintenance of reserve collections, including electronic reserves under the section 107 fair use provision."⁴⁹ And as the American Library Association has stated:

For decades libraries have provided access to materials selected by faculty that are required or recommended course readings in a designated area of the library, with materials available to students for a short loan period and perhaps with additional restrictions to ensure that all students have access to the material. Libraries have based these reserve reading room operations on the fair use provisions of the Copyright Law (Section 107).⁵⁰

48 These scenarios are not an exhaustive list.

49 Laura Gasaway, "Values Conflict in the Digital Environment: Librarians Versus Copyright Holders" (see text following note 29), <www.unc.edu/~uncnlg/Columbia-article3.htm>. The term "fair-use" is used in the United States under s. 107 of the US *Copyright Act* (17 U.S.C. sec 101, *et. seq*). "Fair-dealing" is the Canadian usage under ss. 29, 29.1, & 29.2 of the Canadian *Copyright Act* (R.S.C. 1985, c. C-42). While there are substantial differences between the scope of fair-use and fair-dealing, there are substantial similarities as well.

50 American Library Association, "Applying Fair Use in the Development of Electronic Reserves Systems," <www.ala.org/ala/washoff/WOissues/copyrightb/>

The result is no different than if the student actually went into the stacks, pulled the original book chapter or journal article off the shelf and made the copy. The main difference is that due to anticipated high demand for the item on account of it being required or supplemental for a course, a copy is made in advance, thereby sparing the original artifact much wear and tear.⁵¹

Not everyone was worse for the efforts required. The photocopy machine supplier benefited, as did the vendors of paper, toner, and other supplies. For the most part, this system of distribution was inconvenient, environmentally wasteful, and expensive. Enter modern information technology, as noted by the American Library Association:

Within the past decade many libraries have introduced electronic reserves (e-reserves) systems that permit material to be stored in electronic form rather than storing photocopies in filing cabinets. Depending on the particular electronic reserves system, student access may occur in the library or remotely. Students who wish to have a copy of the reading can print it from the e-reserves systems rather than having to take the original volume to a photocopy machine.⁵²

It is no longer necessary to line up for a single copy of an article or book chapter, as everyone in a class can get their own copy in digital form through electronic access. It is no longer necessary to use a photocopier at a particular point in time and space, thereby freeing up library staff for more scholarly pursuits than taking ID cards, monitoring usage times, assessing fines for late returns, making change, and clearing paper jams. While the end-user will likely want to print out the file in order to possess that all-important, underliner-ready artifact, they now have a range of choices as to when and where to print it out (or even to forego such physical reproduction if they're willing to read on screen). The end result, though, is the same. The end user gets access to the article or chapter just as surely as if they had gone to the stacks, pulled the item off the shelf, and made a physical reproduction by way of a mechanical coin-operated

fairuseandelectronicreserves/ereservesFU.htm>. The result should be the same under the Canadian fair-dealing provisions.

51 See Gasaway, above note 49 (tracing back the history of reserves, stating: “[t]raditionally, library reserve collections contained materials such as restricted circulation collections of original volumes, journals, etc. After the photocopier arrived in libraries, libraries quickly adopted photocopying to reproduce copies of articles, book chapters and the like for the reserve collection so that the original work would not be removed from the general collection”).

52 Above note 50.

device. One would think that the copyright result should be the same, especially if technological neutrality is seen as a desired goal of any copyright policy regime.

For many years, the question of how electronic reserves would be treated for purposes of copyright analysis was left murky, unsettled, and contingent on many factors.⁵³ Much like the rock that is best left unturned, the protagonist stakeholders in the copyright policy arena did not address the matter head-on. However, continuing advances in information technology, the general diffusion of these advances throughout the academic community, and the widespread availability of digital information resources, have converged to bring this latent policy issue to the surface.

2) Distance Education and Copyright

Distance education programs have become widespread in recent years. A convergence of technological, economic, geographic, and demographic factors account for this increase. In a study prepared for Industry Canada, Ronald Hirshhorn estimates that “participants in distributed learning account for about one of every nine university students — a ratio that if applied at the national level leads to an estimate of almost 65,000 full course equivalent registrations for 1998/99.”⁵⁴ Hirshhorn identifies three changes underway in distance education that have significance for copyright policy. The first is that distance education in the post-secondary sector is growing rapidly. This increase is attributed to a number of factors “including technological changes that have made it feasible for nine out of every ten students to have a computer at home and the trend to a increasingly knowledge-based economy in which jobs require problem-solving ability and continued learning.”⁵⁵

The second factor is that “a wider variety of materials and of resources is being used in distance education courses,” which Hirshhorn attributes to “the expanding role of distance education technologies, which now

53 See Gasaway, above note 49 (pointing out that while “[p]ublishers and librarians have disagreed quite vigorously over electronic reserves ... there has been no litigation, nor even a reported cease and desist letter, over electronic reserves.” This state of affairs may be changing in the United States given the escalation of a current dispute between the American Association of Publishers and the University of California at San Diego. See Anick Jesdanun, *Publishers Bemoan Online Postings* (Associated Press: May 29, 2005), <www.registerguard.com/news/2005/05/29/f3.bz.campusonline.0529.html>.

54 *Assessing the Economic Impact of Copyright Reform*, above note 13 at 6.

55 *Ibid.* at 9.

includes delivering materials that supplement in-class instruction and supporting advanced research training.”⁵⁶ As a third factor, Hirshhorn cites the globalization and intensification of competition among various providers of educational services. He concludes that “[t]o the extent they affect course content and quality or the costs of delivery to distant education students, copyright policies will affect the ability of Canadian institutions to compete in this growing market.”⁵⁷

Distance education presents special copyright problems, because above and beyond whatever copyright issues are present in the physical classroom, these issues are magnified when the class is further distributed via some form of communications technology. While there are a series of special exemptions in sections 29.4 through 29.9 of the *Copyright Act*, it is generally felt that these exceptions do not apply beyond the physical premises of the institution.

3) From the Section 92 Report to Bill C-60

While the Section 92 Report does not directly address electronic course reserves or distance education as such, there are numerous references to the special exemptions for educational institutions as well for libraries, museums, and archives. In addressing the issue of interlibrary loans and the proposed revisions to section 30.2 in the previous section, I argued that these special exemption sections need to be read as a whole along with the general fair dealing provisions of section 29. I also argued that by creating limitations on special exemptions, an unnecessary level of confusion is created and the practical result might be to vitiate the purpose of fair dealing, a result that should be avoided. The gist of these arguments are also applicable to a whole range of other educational issues, including

⁵⁶ *Ibid.*

⁵⁷ *Ibid.* at 10. It is unclear why Hirshhorn’s report was not utilized to a greater degree by the various committees and policy analysts involved in working on the educational exceptions. Hirshhorn compared the option of using a conditional exception until such time as a blanket license is available with the option of extending the scope of the exceptions already in the Act, and concluded that the latter would be a better policy. Much of the difficulties that result in ss. 30.01 and 30.02 could have been avoided had Hirshhorn’s analysis been given more consideration. In particular, s. 30.02(7), which nullifies the previous six subsections when an electronic blanket is available, runs directly counter to Hirshhorn’s recommendations.

electronic course reserves, classroom use of the Internet,⁵⁸ and distance education.

In the March 2004 *Status Report on Copyright Reform*,⁵⁹ there is a section entitled “Technology Enhanced Learning,” which raises the issue: “How to facilitate the use of the latest information and communications technologies (ICTs) to extend the reach of the classroom beyond its physical limits.”⁶⁰

As in the case of interlibrary loans, the *Status Report* sets forth two policy options. The first option would be to:

Amend the Act to exempt educational institutions from additional copyright liability for use of ICTs (in lieu of or in addition to the classroom) as a medium for delivering curriculum content, provided that there are appropriate safeguards, including special consideration for material specifically created for the education market. Existing copyright rules applicable to fundamental educational uses of copyright material would continue to apply.⁶¹

The second option involved licensing, although it was vague as to how such licensing would be carried out:

Encourage licensing of ICT use of copyright material for educational purposes. Work would continue with all interested parties to promote this approach to meet the objectives of technology-enhanced learning, including consideration of the tools necessary to support new licensing models.⁶²

The *Bulte Report* set forth five options in its section entitled “Technology Enhanced Learning.” The first option, to “[a]mend the *Copyright Act* to clearly state that the ‘fair dealing’ defence in section 29 applies to education and teaching purposes, in addition to research or private study, review or news reporting,”⁶³ was not given any further discussion or analysis.

Options 2 and 3 respectively set forth the two options from the *Status Report*.⁶⁴

58 See chapter 12 in this volume (re educational use of Internet).

59 Above note 36.

60 *Ibid.* at 10.

61 *Ibid.* at para. 42(a).

62 *Ibid.* at para. 42(b).

63 Above note 4 at 17.

64 Above notes 61 and 62. There was one significant textual difference, in that option 3 was qualified as “voluntary” licensing whereas the *Status Report* para.

Option 4 was to “[a]mend the Act to provide for extended licensing which would allow collective societies to negotiate with respect to uses involving information and communication technologies. Individual authors could opt out of the collective society,” and option 5 would amend the Act” to institute compulsory licensing to cover technology-enhanced learning.⁶⁵

Consistent with the approach taken in other areas, the *Bulte Report* opted for the collective licensing model. Recommendation 6 stated:

The Committee recommends that the Government of Canada put in place a regime of extended collective licensing to ensure that educational institutions’ use of information and communications technologies to deliver copyright protected works can be more efficiently licensed. Such a licensing regime must recognize that the collective should not apply a fee to publicly available material (as defined in Recommendation 5 of this report).⁶⁶

As for its rationale, the Committee noted; “that collective licensing regimes that are already in place are capable of providing the same broad service in a digital environment that they do in the paper-based environment.”⁶⁷ It is not clear how the committee was able to make this claim in such an absolute matter, as there are indeed significant problems with so replicating print-based services. But the broader question, why such licensing was preferred over extending fair dealing, was not given any analysis. The committee’s rationale continues by stating that, “[s]uch a regime would protect rights holders’ economic interests by ensuring fair and reasonable compensation for access to material.”⁶⁸ Yet no mention is made of the interests of users and the intermediaries that serve them, other than to end the *rationale* section by stating that the “Copyright Board can resolve disputes concerning an appropriate fee for access.”⁶⁹

42(b) spoke generally of “licensing” without specifying whether it was voluntary or extended.

65 *Ibid.*

66 *Ibid.* at 18. The CIPPIC/PIAC Response to Recommendation 6 was that it “suggests that teachers should have to pay a fee in order to deliver copyrighted materials over the Internet for distance learning applications. CIPPIC’s concerns here are the same as for Recommendations 4 and 5.” Above note 41 at 5. For a full discussion of Recommendations 4 and 5, see chapter 12 in this volume.

67 *Bulte Report*, above note 4 at 17.

68 *Ibid.*

69 *Ibid.*

Following the same pattern as in the interlibrary loan discussion, the March 2005 Government Statement ameliorated the harshness of the *Bulte Report*. In a section entitled “Use of Copyright Work for Remote Learning” the government sets out two proposed amendments, although they are not in statutory textual form. The first proposal is:

Current educational exceptions permit the performance or display, within the classroom, of certain copyright material as part of a lecture. The requirement that the performance or display be confined to the classroom would be removed to enable remote students to view the lecture using network technology, either live or at a more convenient time. Educational institutions would be required to adopt reasonable safeguards to prevent misuse of the copyright material.⁷⁰

If the intention here is to apply the educational exceptions contained in sections 29.4 through 29.9 to the distance education environment, then a minimalist drafting strategy would focus on adapting the definition of “premises” in section 2 as necessary.

The second proposal states:

Material that may be photocopied and provided to students pursuant to an educational institution’s blanket licence with a collective society would also be permitted to be delivered to the students electronically without additional copyright liability, unless the licence in question provides for such delivery. Educational institutions would be required to adopt effective safeguards to prevent misuse of the copyright material.⁷¹

These two proposals are reflected by the additions of new sections 30.01 and 30.02 in Bill C-60. Section 30.01 seems to be an elaborate and overly complex way of extending the educational exemptions to the distance education environment. First by defining a rather cryptic category of “lesson,”⁷²

70 *Government Statement on Proposals for Copyright Reform*, above note 43 (n.p.). This proposal follows the reasoning contained in Ronald Hirshhorn’s report prepared for Industry Canada, above note 13 at 16.

71 Above note 43.

72 Proposed s. 30.01(1) provides: “In this section, ‘lesson’ means any lesson, test or examination in which a work or other subject-matter is copied, reproduced, translated, performed in public or otherwise used on the premises of an educational institution or communicated by telecommunication to the public situated on those premises.” (Bill C-60, s. 18).

then by creating what seems to be an exception to infringement,⁷³ only to be subject again to a broad counter-limitation,⁷⁴ the section as a whole appears to do very little to help the educational institution.⁷⁵ If the intention of the section is to extend the general exceptions into the distance education context, the same result could be met by amending the section 2 definition of premises to read:

“premises” means, in relation to an educational institution, a place where education or training referred to in the definition “educational institution” is provided, controlled or supervised by the educational institution, or received by the student.⁷⁶

Some assistance in trying to understand the purpose of sections 30.01 and 30.02 may be gleaned by the “Frequently Asked Questions” accompanying the release of Bill C-60.⁷⁷ The response to the question, “What is in this Bill to ensure that users’ interests are equitably addressed?”⁷⁸ states:

... there are provisions that facilitate the use of digital technologies for educational and research purposes. Specifically, educational in-

73 Proposed s. 30.01(2) provides:

(2) Subject to subsections (3) and (4), it is not an infringement of copyright for an educational institution or a person acting under its authority to communicate a lesson to the public by telecommunication, if that public consists only of its students enrolled in a course of which the lesson forms a part and instructors acting under the authority of the educational institution; to make a fixation of the lesson for the purposes of an act referred to in paragraph (a); or to perform any other act that is necessary for any such acts.

74 Subsection 3 appears to place strong limitations on the applicability of the exception granted in ss. 2:

(3) Subsection (2) does not apply so as to permit any act referred to in any of paragraphs (2)(a) to (c) with respect to a work or other subject-matter whose use in the lesson constitutes an infringement of copyright or for whose use in the lesson the consent of the copyright owner is required.

After one accounts for instances of infringement as well as instances where consent of the copyright owner is needed, it is not at all clear that anything of much substance remains in the exception.

75 The complexity of the section is replicated by the inclusion of a new s. 27(2.2) that creates a new category of secondary infringement with respect to lessons (Bill C-60, s. 15).

76 One could reach the same result without an amendment simply by reading the word “provided” in the broad sense to include where the student receives the instruction. However, amendment makes this explicit for clarity.

77 <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp01146e.html>>.

78 *Ibid.*, Question 11 (n.p.).

stitutions and libraries will be able to benefit from digital technology to permit classroom activities to be conducted in remote locations and documents to be electronically delivered. To prevent abuse, the provisions will only apply if appropriate safeguards preventing the unauthorized transmission of works have been put in place. Should these safeguards prove to be ineffective, the educational institutions and libraries will not be able to benefit from these provisions until such time as their effectiveness is restored.

Will this language doesn't tell us much; it does belie a general approach that any new exceptions will be accompanied by substantive limitations. This feature cuts across sections 30.01, 30.02, and 30.2(5).

D. CONCLUSION

The same advanced information technologies that could enable more equitable access, greater distributional efficiencies, and sensitivity to the environment are also capable of enabling heightened surveillance and control along with finer-grained metering of individual transactions. While technology enables information to be released from the physical constraints of its container in an access-enhancing manner, it also constrains these potentials by enabling access-destructive control mechanisms. The implications for how the regulatory environment corresponds with changes in technology are particularly acute in the case of the electronic delivery of library resources, course reading material, and the course instruction itself.

The Response prepared by CIPPIC/PIAC to the *Bulte Report* closed with the observation that:

The recommendations made in the Bulte Report call for sweeping fundamental changes to Canadian copyright law that reflect the positions of certain vested interests rather than the public interest. They ignore key evidence and submissions provided by public interest groups. They lack reasoning in some key respects. The Bulte report should be rejected and a more balanced approach to copyright reform adopted by the new government of Canada.⁷⁹

To a lesser extent, these comments may be generalized to the entire Phase III Copyright Reform Process, spanning from the initial consultation papers and ending with the tabling of Bill C-60. While the *Bulte Report*

79 Above, note 41 at 6.

certainly represented an extreme moment in the process, I would argue that the process itself was flawed and the difference between the *Bulte Report* and other documents are more of quantity than quality. When the policy process picks up again, presumably after second reading of the Bill, three criteria should guide further action.

First, full consultation across the spectrum of stakeholders needs to be undertaken. In the case of library and educational exemptions, it is an oversimplification to have heard from a rightholders group and an educational association. The range of stakeholders is much more complex than that and requires consultation with students, teachers, and administrators in a wide variety of contexts, through a wide assortment of associations. Second, the recent writings of the Canadian Supreme Court need to be taken into better account. Reading through the complete set of policy documents, one is left with the uncomfortable impression that the court is not being heard in this process. One is left with the feeling that what the court says is irrelevant, wrong, or not worthy of consideration. To the extent the court based its decisions on principles of statutory interpretation, Parliament may be free to differ and disapprove of any particular rule resulting from a holding. But if this is to be the case, coherent policy formulation requires an acknowledgment that it is indeed Parliament's intention to overrule a particular holding. For example, the *CCH* court made it clear that the special exemptions are to be read together with the fair dealing provisions in section 29. If Parliament wants to render fair dealing inapplicable to particular situations, then they should explicitly say so.⁸⁰

Finally, legislative drafting should be precise, clear, and economical in its wording. As copyright issues take on more importance in the day to day lives of library users, students, teachers, librarians, administrators, and researchers, then it is all the more important that the *Copyright Act* be an understandable and coherent document. This goal has not been well served in the Phase III reform process to date.

80 The issue of whether user rights are rooted in *Charter* principles such that Parliament may be constrained in such limitations is beyond the scope of this essay, but a question worthy of much further consideration.

Lights, Camera, ... Harmonize:

Photography Issues in Copyright Reform

Alex Cameron*

harmonize / 'hɑrmə,naiz / v. ... (4) *make or form a pleasing or consistent whole.* (5) *coordinate or make consistent.*¹

A. INTRODUCTION

“Harmony,” “consistency,” and “equality” are powerful words in law and legal policy. Framing objectives using these terms can be an effective way of justifying legal change and limiting options for debate. This issue has arisen in the context of proposed amendments to the *Copyright Act*² under Bill C-60³ in the area of photographic works — the government’s seemingly unassailable objective is “to harmonize the treatment of photographers

* Thanks to Michael Geist for having the vision to bring this important project to fruition, and to Philippa Lawson and David Fewer for their steadfast support and for the privilege of representing CIPPIC on the photography issues and in *BMG Canada v. Doe*, 2005 FCA 193. Special thanks to David Fewer for his insightful comments on an earlier draft. Portions of this chapter are derived from materials prepared for CIPPIC’s submissions and the author’s testimony before the Standing Committee on Canadian Heritage and the Standing Senate Committee on Social Affairs, Science, and Technology. All views expressed herein are those of the author.

1 *Canadian Oxford Dictionary*, s.v. “harmonize.”

2 *Copyright Act*, R.S. 1985, c. C-42, <<http://laws.justice.gc.ca/en/C-42>> [the Act].

3 **Bill C-60**, *An Act to amend the Copyright Act*, <www.parl.gc.ca/38/1/parlbus/chambus/house/bills/government/C-60/C-60_1/C-60_cover-E.html> [Bill C-60].

with other creators in terms of authorship and copyright ownership.”⁴ This certainly appears to be a laudable and straightforward proposition. However, to borrow a phrase from the Honourable Senator Kirby, Chair of the Senate committee⁵ that studied the photography issues in late 2004, “there is nothing in life that is as simple, when you get into it, as it looks on the surface.”⁶

This chapter attempts to dig beneath the surface by providing an exploration and analysis of photography issues in Bill C-60. This chapter suggests that, with the blinders of “harmonization” in place, the proposed amendments fail to adequately address important issues of balance and consumer protection, particularly in relation to ownership of commissioned photographs.

Part B of this chapter provides a basic framework for analysis by reviewing the sections at issue and outlining the proposed amendments. Part C sketches the balance and consumer protection issues that arise in respect of the authorship and term proposals. Part D discusses what is arguably the most controversial and challenging aspect of the amendments: consumer protection issues in relation to ownership of commissioned works. Finally, in light of the issues identified, Part E critiques the proposed amendments and suggests alternative ways to address the interests of photographers, the public and individual consumers.

B. FRAMEWORK FOR ANALYSIS

The Act gives unique treatment to photographic works in three main areas: authorship, term of protection, and ownership. The former two areas are intertwined and can be dealt with together. However, the third area arises under a narrow provision of the Act relating to first ownership of copyright in *commissioned* works and is addressed independently below.

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- 4 Canada, Industry Canada and Canadian Heritage, *Government Statement on Proposals for Copyright Reform* (24 March 2005), <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp01142e.html>> [Government Statement]. See also, Canada, Industry Canada, “Frequently Asked Questions” (24 March 2005), <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp01143e.html>> [FAQ].
 - 5 Standing Senate Committee on Social Affairs, Science and Technology (the “Senate Committee”).
 - 6 Canada, Standing Senate Committee on Social Affairs, Science, and Technology, *Minutes of Proceedings* (3 November 2004), <www.parl.gc.ca/38/1/parlbus/commbus/senate/Com-e/soci-e/pdf/o3issue.pdf> at 12 [*Senate Hearing November 3*].

The following sections describe the current operation of the Act and outline the proposed amendments.

1) Authorship and Term of Protection of Photographs

Section 10 of the Act contains special rules regarding authorship and term of protection for photographs. This section is easiest to understand when considered in reverse order.

Subsection 10(2) deems the author of a photograph to be the person that owned the initial negative, and if no negative existed, the initial photograph. As a result of this deeming provision, corporations can be authors of photographs. This subsection is a departure from the normal rule that the author of a work is the person who created it.

Prior to 1999, subsection 10(2) did not cause any difficulty with respect to the term of protection for photographs. Until that time, all photographs, regardless of authorship, were protected for a period of fifty years from the end of the calendar year in which the initial negative was made, or if there was no negative, the making of the initial photograph. The term of protection for photographs was not calculated by reference to the life of the author, which in many cases made it easier to determine when copyright had expired.

In 1999, the Act was amended⁷ to provide a term of protection for photographs that was consistent with other works — life of the author plus fifty years from the end of the calendar year of their death.⁸ However, the deemed authorship provisions were not removed from the Act at that time. Instead, the new term of protection only applied where the author of a photograph was a natural person (or where that person was the majority shareholder of a corporation that owned the initial negative or photograph). In all other cases where the owner of the initial negative or photograph was a corporation, and hence the “author” by virtue of subsection 10(2), the term of protection remained at the pre-1999 level — fifty years from the end of the calendar year of the making of the negative. The reason for this distinction was to avoid perpetual copyright protection — after all, some corporations might “live” forever.

These changes resulted in the current version of section 10 which reads as follows:

7 *An Act to Amend the Copyright Act*, S.C. 1997, c. 24, <www.parl.gc.ca/bills/government/C-32/C-32_3/12472bE.html>, s. 7.

8 *Copyright Act*, above note 2, s. 6.

Term of Copyright

Term of copyright in photographs

10. (1) Where the owner referred to in subsection (2) is a corporation, the term for which copyright subsists in a photograph shall be the remainder of the year of the making of the initial negative or plate from which the photograph was derived or, if there is no negative or plate, of the initial photograph, plus a period of fifty years.

Where author majority shareholder

(1.1) Where the owner is a corporation, the majority of the voting shares of which are owned by a natural person who would have qualified as the author of the photograph except for subsection (2), the term of copyright is the term set out in section 6.

Author of photograph

(2) The person who

- (a) was the owner of the initial negative or other plate at the time when that negative or other plate was made, or
- (b) was the owner of the initial photograph at the time when that photograph was made, where there was no negative or other plate,

is deemed to be the author of the photograph and, where that owner is a body corporate, the body corporate is deemed for the purposes of this Act to be ordinarily resident in a treaty country if it has established a place of business therein.

Article 7(4) of the *Berne Convention*⁹ requires a twenty-five year minimum term of protection for photographs but otherwise allows contracting countries the freedom to determine the term. However, Article 9 of the *World Intellectual Property Organization Copyright Treaty (WCT)*¹⁰ provides that contracting parties shall not apply Article 7(4) of the *Berne Convention*. The upshot of the WCT requirement is that contracting parties must provide the standard term of protection for photographs — life of the author plus fifty years from the end of the calendar year of their death.

9 *Berne Convention for the Protection of Literary and Artistic Works* (Paris Act of 2 July 1971 as amended 28 September 1979) (with Annex), [1998] Can. T.S. No. 18, <www.wipo.int/treaties/en/ip/berne/trtdocs_wo001.html>.

10 *WIPO Copyright Treaty*, 20 December 1996, WIPO Publication No. 226 (entered into force 6 March 2002), <www.wipo.int/treaties/en/ip/wct/trtdocs_wo033.html> [WCT].

In light of the *WCT* requirement, the government adopted the recommendation of the Standing Committee on Canadian Heritage (the “Heritage Committee”) that all photographs be protected for the life of the author plus fifty years.¹¹ This amendment involves the repeal of subsection 10(1) which sets out a different term of protection for certain corporate-authored photographs. However, the repeal of that subsection would be problematic in light of the deemed-author provisions of subsection 10(2). In other words, because corporate authors might never “die,” calculating the term of protection by reference to their “life” could result in perpetual copyright protection.

To address these interrelated issues of term and authorship, the government has proposed the repeal of section 10 in its entirety.¹² Thus, although repealing the deemed authorship provision in subsection 10(2) is not required by the *WCT*, it is both necessary and sufficient to address the *WCT* requirement regarding term of protection, at least so long as the subsection permits corporations to be “authors” — it is necessary because the term amendment could not be implemented without addressing the potentially indefinite “life” of corporations and it is sufficient because repealing the deemed authorship provisions in subsection 10(2) renders subsection 10(1) and 10(1.1) moot and automatically results in a term of protection of life (of a natural person) plus fifty years for all photographs.

2) Ownership of Copyright in Commissioned Photographs

Section 13 of the Act addresses ownership of copyright. Subsection 13(1) sets out the general rule that the author of a work is the first owner of copyright. However, subsections 13(2) and 13(3) carve out two important exceptions to the general rule.

Dealing first with subsection 13(3), this subsection applies to all works and provides that, subject to an agreement to the contrary, first owner-

11 Canada, Standing Committee on Canadian Heritage, *Interim Report on Copyright Reform*, (May 2004), <www.parl.gc.ca/InfocomDoc/Documents/37/3/parlbus/commbus/house/reports/herirp01/herirp01-e.pdf> at 8 [*Interim Report*]. This report was adopted by a subsequent re-constituted Heritage Committee in fall 2004. See Standing Committee on Canadian Heritage, “Second Report” (November 2004), <www.parl.gc.ca/committee/CommitteePublication.aspx?COM=8974&SourceId=89793>.

12 Bill C-60, above note 3, s. 5.

ship of copyright in works made in the course of employment rests with the employer, not with the author:

Work made in the course of employment

(3) Where the author of a work was in the employment of some other person under a contract of service or apprenticeship and the work was made in the course of his employment by that person, the person by whom the author was employed shall, in the absence of any agreement to the contrary, be the first owner of the copyright, but where the work is an article or other contribution to a newspaper, magazine or similar periodical, there shall, in the absence of any agreement to the contrary, be deemed to be reserved to the author a right to restrain the publication of the work, otherwise than as part of a newspaper, magazine or similar periodical.

Subsection 13(3) merely establishes a default position which can be modified by agreement. This subsection is not affected by Bill C-60 but provides a useful frame of reference for thinking about the main target of the amendments — subsection 13(2).¹³

Subsection 13(2) addresses first ownership of copyright in a very narrow category of works — engravings, photographs, and portraits — and only applies when such works are commissioned and paid for. Further, like 13(3), subsection 13(2) merely establishes a default copyright ownership position which can be modified by an agreement to the contrary. The current provision reads as follows:

Engraving, photograph or portrait

(2) Where, in the case of an engraving, photograph or portrait, the plate or other original was ordered by some other person and was made for valuable consideration, and the consideration was paid, in pursuance of that order, in the absence of any agreement to the contrary, the person by whom the plate or other original was ordered shall be the first owner of the copyright.

Except for a minor amendment in 1997,¹⁴ subsection 13(2) has operated unchanged as part of the Act for more than eighty years; it has been

13 Although s. 13(3) is not amended under Bill C-60, newspaper groups told the Senate Committee that the section discriminates against them because it gives photographers and other contributors to newspapers the right to restrain uses of their works. See *Senate Hearing November 3*, above note 6 at 8.

14 *An Act to Amend the Copyright Act*, above note 7, s. 10(1).

part of Canada's copyright law since the Act first came into force in 1924.¹⁵ However, although the subsection has never been substantially modified or repealed, it has been the object of intense debate for decades. Some commentators have called for its repeal¹⁶ while others have suggested that the rule be retained¹⁷ or even extended to all commissioned works.¹⁸

Photographers' groups have expressed the view that section 13(2) should be repealed because it unfairly discriminates against them *vis-à-vis* other creators.¹⁹ Others have asserted that the subsection protects the important interests of individual consumers who commission photographs and portraits.²⁰ These tensions are present in the current debate regarding the future of subsection 13(2) and are reflected to a degree in the government's announcement regarding proposed changes to the Act:

First ownership of copyright in commissioned photographs would now rest with the photographer, but an individual that commissions

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- 15 *Copyright Act*, S.C. 1921, c. 24, s. 11(1)(a). See generally Harry Chartrand, *The Compleat Canadian Copyright Act: Current, Past & Proposed Provisions of the Act 1921 to 1997* (Saskatoon: Compiler Press, 1997) at 66. See also the *Imperial Copyright Act*, (1911) 1 & 2 Geo. 5, c.46, s. 5(1)(a).
 - 16 See for example Barry Torno, "Ownership of Copyright in Canada" (Ottawa: Consumer and Corporate Affairs Canada, 1981) at 50–57. See also Consumer and Corporate Affairs Canada, "From Gutenberg to Telidon: A White Paper on Copyright" (Ottawa: Supply and Services Canada, 1984).
 - 17 See for example *The Royal Commission on Patents, Copyright, Trade Marks and Industrial Design: Report on Copyright*, Ottawa, 1957 at 46–49 [*Ilsley Commission*].
 - 18 See for example A.A. Keyes & C. Brunet, *Copyright in Canada: Proposals for a Revision of the Law* (April 1977) at 71. The *Copyright Act of 1868*, 31 Vic. C.54, s. 15 provided that copyright in *all* works made to order or sold was transferred to the purchaser.
 - 19 This view was the basis of the Canadian Photographers' Coalition's submissions to the Heritage Committee and the Senate Committee. See for example Canada, Standing Committee on Canadian Heritage, *Evidence* (21 April 2004), <www.parl.gc.ca/infocomdoc/37/3/HERI/Meetings/Evidence/HERIEVo8-E.HTM#Int-891448> [*Heritage Hearing*]. This view was also the basis of proposed legislation aimed at repealing s. 13(2) in the Senate. See for example Bill S-9, *An Act to amend the Copyright Act*, First Reading 7 October 2004, <www.parl.gc.ca/38/1/parlbus/chambus/senate/bills/public/S-9/S-9_1/S-9_cover-E.htm>. Bill S-9 was reintroduced from two earlier sessions where it had been introduced as Bill S-20 and Bill S-16.
 - 20 See *Ilsley Commission*, above note 17. See also *Heritage Hearing*, *ibid*. During public hearings before the Heritage Committee and the Senate Committee, the author testified on behalf of the Canadian Internet Policy and Public Interest Clinic (CIPPIC) regarding the consumer protection issues raised by the proposed repeal of s. 13(2).

a photograph for personal or domestic purposes would, subject to an agreement to the contrary, be able to make personal and non-commercial uses of that photograph.²¹

In Bill C-60, subsection 13(2) is repealed²² and a new paragraph is added to subsection 32.2(1) of the Act to state that it is not an infringement of copyright:

(f) for an individual to use for private or noncommercial purposes a photograph or portrait that was commissioned by the individual for personal purposes and made for valuable consideration unless the individual and the owner of copyright in the photograph or portrait have agreed otherwise.

As mentioned at the outset, the government's objective with this amendment is to harmonize the treatment of photographers with other creators.

C. BALANCE AND CONSUMER ISSUES REGARDING AUTHORSHIP AND TERM OF PROTECTION

The proposed authorship and term of protection amendments raise general questions of balance in the Act. The Canadian Press, for example, argued that repealing subsection 10(2) would, as an unintended consequence, grant staff photographers at newspapers a veto right regarding the use of their photographs, thereby restricting the ability of the copyright owner (their employer) and the public to use the photographs.²³ Despite these possible concerns, however (but subject to the consumer issue mentioned in the next section), it is difficult to conceive of reasons why authorship of photographs should be different than other works and why corporations should be granted authorship status merely because they own the film or photographs. Indeed, from the perspective of photographers, the authorship change is important because it would grant them moral rights as authors of photographs in all cases. The bigger question of balance arises in the amendment to the term of protection.

21 Government Statement, above note 4.

22 Bill C-60, above note 3, s. 6. The repeal of s. 13(2) does not affect copyright ownership of any photograph commissioned prior to the repeal. See Bill C-60, above note 3, s. 35.

23 Senate Hearing November 3, above note 6 at 13–14. The Canadian Press claimed that repealing ss. 10(2) would cause ss. 13(3) to kick in for staff photographers. Although the newspaper gets copyright in both cases, ss. 13(3) gives authors a right of restraint.

The proposed amendment regarding term of protection for photographs is an example of a long history of copyright amendments that increase copyright holders' rights without any increase in the rights of individual consumers or the public at large.²⁴ In the photography context specifically, the term of protection for photographs has gone from a flat fifty-year rule, to life plus fifty years for photographs authored by natural persons, and now to a proposed life plus fifty-year rule for all photographs. Some suggest that this increased protection will stimulate the publishing industry in Canada.²⁵ On the other hand, the term extension raises questions about balance and the public interest because it will be more difficult to determine when copyright expires in many photographs²⁶ and because a vast number of existing photographs²⁷ and all future ones will be protected by copyright for a much longer period, thereby reducing the public domain. Corporations who were deemed authors of photographs whose copyright is still in effect at the time Bill C-60 comes into force will, in many cases, be granted a substantial term-extension in their photographs — rather than fifty years from the making of the photograph, the Bill states that

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- 24 Over almost the past two decades, a series of additions and amendments were made to the Act that evidence this trend, including in the areas of moral rights, secondary infringement, musical works, performances, cinematographic works, rental rights for computer programs and sound recordings, neighbouring rights, performers rights, statutory damages, and a private copying regime. See for example *An Act to Amend the Copyright Act and other acts in consequence thereof*, R.S.C. 1988, c. C-15; *Intellectual Law Improvement Act*, R.S.C. 1993, c. 15; *An Act to amend the Copyright Act*, R.S.C. 1993, c. 23; *An Act to Amend the Copyright Act*, R.S.C. 1997, c. 24.
- 25 Marcel Boyer, "Assessing the Economic Impact of Copyright Reform on Authors, Makers, Photographers and Publishers in Canada in Reference to Two New Copyright-Related Treaties: *WIPO Copyright Treaty (WCT)*, *WIPO Performances and Phonograms Treaty (WPPT)*" (30 April 2003; revised 6 June 2003), <<http://strategis.ic.gc.ca/epic/internet/inippd-dppi.nsf/en/ipo1134e.html>>.
- 26 Archivists raised this point during hearings before the Heritage Committee: "Without the information about who took the photograph, it is impossible to locate the copyright owner. It is, therefore, impossible to get permission or to give permission to our researchers to use the photograph. If a researcher cannot get permission to use the photo, it sits in copyright limbo and valuable historical research becomes impossible." See *Heritage Hearing*, above note 19. The Heritage Committee concluded that the archivists' concerns had been addressed by the amendments to the Act made in the *Library and Archives of Canada Act*, [2004, c. 11], which came into force in May 2004.
- 27 It should be noted that Bill C-60 does not revive copyright protection in any photograph in which copyright is expired at the time of coming into force of Bill C-60. See Bill C-60, above note 3, s. 34(1).

such photographs will now be protected for the life of the *photographer* plus fifty years.²⁸

In addition to a general question of balance, the repeal of section 10 would have unintended consequences for consumers. The proposed amendment does not account for the fact that people often hand their camera to strangers and ask them to take a picture of, for example, the person and their spouse or family. The repeal of section 10 would mean that the stranger, not the consumer, would own copyright in the resulting photographs in such circumstances. Although this vesting of copyright probably would not cause frequent problems in practice, Bill C-60's repeal of section 10 obviously produces a perverse result in such situations and defies individuals' basic and reasonable expectations.

D. CONSUMER PROTECTION ISSUES REGARDING COMMISSIONED WORKS

... [in repealing section 10 and subsection 13(2) of the *Copyright Act*, Bill S-9] has been written so broadly that it sweeps in consumers which — trust me — it was not intended to do, but nevertheless does.

— Honourable Senator Kirby, 2004²⁹

As mentioned above, proposals to repeal subsection 13(2) have been an ongoing matter of controversy for decades. This controversy recently became particularly heated between May 2003 and the government's March 2005 announcement. During that period, subsection 13(2) was the subject of proposed legislation introduced three different times in the Senate, as well as ardent debate at numerous hearings before the Heritage Committee and the Senate Committee.³⁰ Groups representing photographers, newspapers, archivists, and the public interest presented submissions on a variety of issues.³¹

28 Bill C-60, above note 3, s. 34(2). Subsection 34(3) provides that where s. 10 had deemed an individual to be the author of a photograph, the term of protection will continue to be the author and the term of protection will be their life plus fifty years.

29 *Senate Hearing November 3*, above note 6 at 19.

30 Bill S-20, the first bill in the Senate aimed at the repeal of ss. 10 & 13(2), received first reading on 15 May 2003.

31 The following groups attended at the hearings: Canadian Photographers' Coalition, Canadian Press, Canadian Newspaper Association, CIPPIC, and the Bureau of Canadian Archivists.

In the end, although the Heritage Committee recommended that subsection 13(2) be repealed outright,³² the Senate Committee expressed clear concern about the unintended consequences for consumers — the Honourable Senator Keon referred to such consequences as the “Achilles’ heel” of the proposal to repeal the subsection.³³ In general terms, the consumer protection issues that arise in connection with subsection 13(2) can be broken into three related categories: expectations and fairness, rights of restraint, and affirmative rights to use.

1) Expectations and Fairness

Basic expectations and fairness are the starting points for considering the repeal of subsection 13(2) for personal or domestic situations. Personal or domestic situations include (but are not limited to) commissioned photographs of weddings and other special occasions, as well as photographs and portraits of families, couples, maternity, children, babies, and pets.³⁴ If anyone other than the commissioner is getting rights to use photographs in such situations, wishes to exercise such rights, or wishes to deny the commissioner the ability to use or restrain uses of such photographs, then the commissioner expects to be asked about it, particularly since the commissioner is the impetus for the creation of the photographs and the one who ordered and paid for them. Subsection 13(2) currently ensures that they are asked and fairness dictates that the onus should be on the photographer, not the consumer, to ask.

Consumers have a number of expectations when they commission photographs. They expect to be able to use their photographs and to be able to restrain others from doing so; those expectations are addressed in more detail in sections 2 and 3 of this Part. As a result of those expectations, consumers also expect that they will be asked and that their agreement will be required before anything different transpires. This final expectation is protected by subsection 13(2) because it dictates that, for example, couples who hire and pay for a wedding photographer automatically own copyright in their photographs. What this default copyright allocation really ensures is that, unless they are asked and agree otherwise, the couple has affirmative rights to use their photos and to restrain any

32 The Heritage Committee also recommended that s. 10 be repealed outright.

33 *Senate Hearing November 3*, above note 6 at 12 and 19.

34 The market for pet portraiture appears to be enormous, with thousands of photographers and portrait artists advertising the service online.

other person from doing the same in a way that **would infringe their copyright**.

Importantly, subsection 13(2) does not prevent photographers from obtaining copyright and it does not dictate to consumers what their expectations must be regarding copyright ownership. The subsection merely imposes a default rule which is subject to an agreement to the contrary. The rule ensures that consumer expectations are protected if the parties do not raise and reach an agreement regarding a different allocation of rights. In other words, subsection 13(2) places the onus on the photographer, rather than everyday consumers, to raise the issue of copyright.

As a matter of basic fairness to consumers, subsection 13(2) establishes an important default position because everyday consumers would otherwise have to take positive steps to negotiate copyright in photographs that they commission. The onus would be on the consumer to raise the issue of rights. In addition to according with common sense consumer expectations, there are a number of additional factors that suggest the onus should rest with the photographer, not the consumer. For example, consumers cannot be assumed to be sophisticated about issues of copyright law, they are typically one-time purchasers without resources, adequate information, or bargaining power, and they are likely to conflate ownership of the tangible goods with ownership of copyright because in both situations they order and pay for something. On the other hand, photographers are in the business of copyright and have access to information and resources through professional associations.³⁵ Photographers are the party with the knowledge, experience, and bargaining power to raise copyright — it is fairest to place the onus on them to do so in the consumer context.

In contrast to the examples discussed above, there are many non-consumer examples where the default in subsection 13(2) appears to be unfair to photographers *vis-à-vis* other creators. For example, a newspaper might ask a freelance photographer in a remote location to take photographs for a breaking story. In the absence of a contract, the newspaper would automatically own copyright in the photographs under subsection 13(2). From the perspective of the newspaper, this is a good default. Going one step further, the Canadian Newspaper Association suggested to the Heritage Committee that subsection 13(2) protects the broader public interest:

35 See for example Canadian Association of Photographers and Illustrators in Communications, <www.capic.org>.

... removing subsection 13(2) from the Copyright Act will have the unintended consequence of affecting the quality of news gathering and dissemination in this country, which does not serve anyone's interests, particularly the public interest, and the public interest should trump the commercial interest.³⁶

Newspapers' concerns were expressed primarily in relation to situations where they must send a photographer on a rush assignment without a contract in place. However, photographers challenged this claim and asserted that it does not describe how newspapers typically operate.³⁷ With respect to these commercial situations, photographers also pointed out that subsection 13(2) puts them in a disadvantaged bargaining position regarding copyright ownership in circumstances where they are already the weaker party to the negotiation:

For me, negotiating with a major corporation like CanWest can be very difficult when CanWest has 10 lawyers to deal with contracts. I would rather see the opposite situation — I would like the rights to belong to me and have CanWest offer me a contract and say they're ready to pay for whatever copyright they want.³⁸

In any event of these disagreements between photographers and newspapers, the rationale for retaining subsection 13(2) for commercially-commissioned works appears to be limited at best because newspapers are typically sophisticated business entities and, as recognized by the Heritage Committee, they are in a position to safeguard their interests through the use of contracts.³⁹

In conclusion, an outright repeal of subsection 13(2) does not reflect consumer's basic expectations or fairness because it shifts the onus to the weaker party, the consumer, to raise the issue of copyrights. At the same time, because the rationale for the rule in the consumer situation does not apply in commercial settings, there is good reason to consider repeal of the section for the latter cases. The difficulty lies in crafting a rule which addresses these different objectives. Before turning to the adequacy of Bill C-60 and possible alternatives, the next two sections consider the impor-

36 *Heritage Hearing*, above note 19.

37 *Ibid.* ("I don't think that's how you do business ... [y]ou never call a guy who you've never known, never heard about, and send him to a place the next minute without negotiating anything.")

38 *Ibid.*

39 *Interim Report*, above note 11 at 7.

tance of subsection 13(2) in relation to consumers' rights to use and to restrain use of their commissioned photographs.

2) Affirmative Rights to Use

When consumers hire and pay for a photographer to take photographs, they expect that they, not the photographer, have the affirmative and exclusive right to use the photographs. Automatically vesting copyright ownership with the commissioner in these circumstances accords with consumers' expectation that they have the right to, for example, make or send copies of their photographs to family and friends.

One could argue that vesting copyright ownership in consumers goes too far because it permits consumers to *commercially* exploit photographs that were originally commissioned for personal purposes, without compensation to the photographer beyond the initial commissioning. These cases are likely infrequent because consumers will likely have little opportunity or incentive to commercialize their personal photographs and because they would be somewhat limited in doing so by reason of photographers' moral rights. Photographers have not raised this as a practical concern under the current subsection.

On the other hand, if consumers are not provided rights to use their photographs, either through copyright ownership or as proposed in Bill C-60, then additional affirmative-rights problems would arise for consumers in connection with vesting copyright with the photographer. For example, if a consumer wished to use a commissioned photograph decades after it was taken (i.e., they wished to exercise an affirmative right), they would have to track down the photographer to obtain permission from them or from the party to whom the photographer had sold or licensed their rights. The problems here are obvious. No cultural or economic purpose is served by forcing John Smith, aged eighty-two, to trace copyright ownership and to clear copyright in order to use a school picture taken of him seventy-five years earlier.

A related consequence is that consumers' personal commissioned photographs can be effectively held hostage in terms of fees for exercising affirmative rights. Honourable Senator Trenholme Counsell was alert to this problem during a Senate Committee hearing and asked the Canadian Photographers' Coalition (CPC) "What if that fee suddenly became \$2500?"⁴⁰

40 Canada, Standing Senate Committee of Social Affairs, Science and Technology, *Minutes of Proceedings* (28 October 2004), <www.parl.gc.ca/38/1/parlbus/

The CPC's response was that the Senator could go to another photographer for \$75 to redo the photograph.⁴¹ Of course, that response ignores the fact that nobody can go elsewhere to redo their wedding, a twenty-five-year-old school picture, a pregnancy, or a birth. The consumer is forever at the mercy of the photographer in many cases; they must first find the photographer or assignee or licensee of the copyright and then pay the fee demanded in order to make use of the very photographs that they were the impetus for and that they commissioned and paid for.

3) Rights of Restraint

The customer who sits for the negative thus puts the power of reproducing the object in the hands of the photographer; and in my opinion the photographer who uses the negative to produce other copies for his own use, without authority, is abusing the power confidentially placed in his hands merely for the purpose of supplying the customer ...

— *Pollard v. Photographic Co.*, 1888⁴²

If subsection 13(2) is repealed, photographers will own copyright in commissioned photographs by default and thus, to the extent permitted by copyright, automatically control how such works are used. This can mean that for up to 120 years or more, the photographer and her heirs would have the copyright-based right to use and commercialize consumer-commissioned photographs, as well as the right to sell or license them to total strangers. Subject to the application of privacy law, which is addressed below, the photographer would be able to do all of this without needing to ask permission and without needing to compensate the consumer.

Vesting ownership of copyright in commissioned photographs in the consumer is important for two reasons in connection with rights of restraint. First, independent of privacy-based interests, consumers have a highly personal interest in having the broadest possible ability to restrain the uses of such photographs. In 1957, the *Royal Commission on Patents, Copyright, Trade Marks and Industrial Design* studied subsection 13(2) and concluded that this was the main reason why the section should not be repealed:

commbus/senate/Com-e/soci-e/o2evb-e.htm?Language=E&Parl=38&Ses=18&comm_id=47> [*Senate Hearing October 28*].

41 *Ibid.*

42 *Pollard v. Photographic Co.* (1888) 40 Ch. Div. 345.

The main reason why the first owner of the copyright should be the person commissioning is that *that person is likely to have a highly personal interest in permitting or refusing to permit reproduction. And this applies not only to photographic portraits but to other photographs which he commissions* A balance must be struck between these conflicting considerations, and we have concluded that the considerations in favor of vesting the copyright in the person commissioning are more weighty.⁴³

Copyright ownership ensures that consumers have a broad ability to restrain uses of their commissioned photographs in accordance with their wishes, whatever those wishes might be. In the modern context, this right of restraint is particularly important to the extent that privacy laws do not provide consumers with the kind or scope of restraint-rights that they expect to have over photographs that they commission.

A second reason for vesting copyright in consumers is that vesting copyright in photographers may aggravate the number and nature of incidents where consumers need to invoke a right of restraint. During hearings before the Senate Committee, the CPC admitted that, even with privacy legislation in place, it is receiving “more and more” calls complaining about what photographers are doing with photographs.⁴⁴ If that is the situation now, then providing copyright ownership to photographers by default may aggravate the problem, while at the same time reducing consumers’ rights to restrain uses.

The usual retort offered to the criticisms identified above is that automatically granting photographers copyright ownership does not pose a threat to consumer interests because privacy law will adequately protect consumers by restraining what the photographer can do with commissioned photographs.⁴⁵ This is the conclusion that the Heritage Committee reached when it recommended that subsection 13(2) be repealed outright.⁴⁶

Framing the restraint-rights issue as merely a privacy issue in this way is unduly limiting from the consumer perspective and does not reflect the true nature of consumer interests in their commissioned photographs. The consumer interest at issue is broadly an issue of the ownership, use, and control of copyrighted photographic works. Although privacy rights may arise in some situations, the basic issue is one of copyright ownership, not

43 *Ilseley Commission*, above note 17 at 46–49 [emphasis added].

44 *Senate Hearing October 28*, above note 40.

45 *Ibid.*

46 *Interim Report*, above note 11 at 7.

privacy. Even to the extent that privacy is relevant at all, it provides only a very limited scope of restraint-rights for consumers.

First, under the *Personal Information Protection and Electronic Documents Act*,⁴⁷ only commercial uses would be actionable, leaving the photographer free to use commissioned photos (ordered and paid for by an ordinary consumer) in *any* non-commercial way. Second, journalistic, artistic, and literary purposes are expressly excluded from the ambit of *PIPEDA* under paragraph 4(2)(c), leaving the photographer free to, for example, display consumer-commissioned photographs at an art exhibit or for any other artistic purpose. This might include display in magazines, on websites, or in books or other media. It is notable that this broad exception in *PIPEDA* would permit commercial uses of consumers' photographs by the photographer and anyone else, provided that the use is artistic. Third, only photographs in which the consumer is identifiable would be potentially covered by privacy laws. This means that body shots, pet portraits, and photographs of homes or other subject matter receive no protection whatsoever. Fourth, privacy rights are lost on death, leaving no right for families to use or control use of photographs commissioned by their deceased relatives. Finally, it is important to note that to the extent provinces enact "substantially similar" legislation to *PIPEDA*, protection for consumers may vary by province.

Outside of *PIPEDA*, consumers might find rights of restraint at common law or in the provincial legislation. In Quebec, privacy is alive and well under the *Quebec Charter of Human Rights and Freedoms*⁴⁸ and the *Quebec Civil Code*, particularly in the wake of the *Aubry* case.⁴⁹ However, other provinces do not have equivalent protections. In certain very limited circumstances, a consumer may have a claim in tort for misappropriation of personality,⁵⁰ defamation, or breach of confidence.

Finally, British Columbia, Manitoba, Newfoundland and Labrador, and Saskatchewan have created statutory privacy torts that may provide a cause of action to consumers in certain circumstances.⁵¹ In terms of cover-

47 *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 <<http://laws.justice.gc.ca/en/P-8.6/>> [*PIPEDA*].

48 *Quebec Charter of Human Rights and Freedoms*, R.S.Q., c. C-12 <www.cdudj.qc.ca/en/commun/docs/charte.pdf>.

49 *Aubry v. Éditions Vice-Versa Inc.* 1998 SCC 31, <www.lexum.umontreal.ca/csc-scc/en/pub/1998/vol1/html/1998scr1_0591.html> [1998] 1 S.C.R. 59.

50 See for example *Joseph v. Daniels* (1986), 11 C.P.R. (3d) 544 and *Athans v. Can. Adventure Camps Ltd.* (1977), 80 D.L.R. (3d) 583 (Ont. High Court).

51 *Privacy Act*, R.S.B.C. 1996, c. 373, <www.qp.gov.bc.ca/statreg/stat/P/96373_01.htm>, s. 1 [*BC Privacy Act*]; *The Privacy Act*, R.S.S. 1978, c.P-24 <www.qp.gov>.

age, this represents only four provinces — Ontario does not have such a tort — and, even in the four provinces where they exist, these torts are very limited in their application and focus only on commercial uses. In British Columbia, for example, it is a tort under the *Privacy Act* to use the image of another but only where the use is “... for the purpose of advertising or promoting the sale of, or other trading in, property or services....”⁵² The British Columbia legislation also contains other requirements which severely limit its application of the provision, including in essence a requirement that the plaintiff be famous.

In conclusion, privacy laws will undoubtedly restrict the ability of photographers to use and disclose photographs that contain personal information, but only in a very limited set of circumstances. Photographs that do not contain personal information would not be covered, and even when photographs do contain highly sensitive personal information, there are a wide variety of circumstances — notably non-commercial and artistic uses — in which their use would not violate privacy laws. This would leave photographers with the unrestricted ability in copyright to use consumers’ commissioned photographs. Subsection 13(2) covers these substantial gaps and does much more, ensuring that consumers have the rights they expect and need to restrain uses of photographs that they commission and pay for.

E. CRITIQUING THE PROPOSED AMENDMENTS AND COMPOSING ALTERNATIVES

1) General Problems

Before turning to a number of specific critiques of the photography proposals in Bill C-60, it is important to note two fundamental problems that underlie the photography issues: the definition of the government’s objective and the importance of balance in the Act.

As mentioned above, the government’s objective in the photography amendments is “harmonization.”⁵³ If accepted, this objective has the effect of narrowly framing thinking about photography issues. It suggests

sk.ca/documents/English/Statutes/Statutes/P24.pdf>; *The Privacy Act*, C.C.S.M. c. P125, <<http://web2.gov.mb.ca/laws/statutes/ccsm/f175e.php>>, s. 2(1); *Privacy Act*, R.S.N.L. 1990, c.P-22, <www.hoa.gov.nl.ca/hoa/statutes/p22.htm>, s. 3(1).

⁵² *BC Privacy Act*, *ibid.*, s. 3.

⁵³ See Government Statement, above note 4.

that anyone who opposes Bill C-60 must be in favor of “disaccord” in the Act, as well as “discrimination” against photographers. In the sections that follow, this chapter endeavours to seek solutions that consider “harmonization” as one factor to consider in defining the right balance regarding the treatment of consumer-commissioned photographs under the Act. However, it is important to question the legitimacy of “harmonization” as an objective in itself. This objective has gone relatively unchallenged in the photography debate thus far.

“Harmonization,” for its own sake, is a solution without a problem. The Act does not work an injustice merely because default ownership of copyright is vested in the writer in the case of commissioned books, while a different rule applies for consumer-commissioned photographs.⁵⁴ If anything, the issue of equity and the balance of rights in the case of consumer-commissioned photographs is an issue between the photographer and the consumer, not between the photographer and other creators. Throughout the recent debate regarding Bill C-60, no concrete mischief or market distortion has been articulated or substantiated regarding the operation of subsection 13(2) in the present market for consumer-commissioned photographs. On the contrary, as articulated in this chapter, there are a number of reasons why the subsection would cause more harm, imbalance, and unintended consequences if it were *not* part of the Act.

Related to the definition of the government’s objective is the issue of whether Bill C-60’s photography provisions are consistent with the underlying purpose of copyright law, as clarified in recent decisions of the Supreme Court of Canada. In *Théberge v. Galerie d’Art du Petit Champlain Inc.*,⁵⁵ Justice Binnie stated (for the majority of the court) that “the proper balance among these and other public policy objectives lies not only in recognizing the creator’s rights but in giving due weight to their limited nature.”⁵⁶

54 Though not obvious, one might argue that there are legal theory or policy reasons why copyright law must be consistent across its treatment of all works, as opposed to having different rules for different classes of work. Although this issue is beyond the scope of this chapter, it should be acknowledged that this chapter implicitly accepts the possibility of different works being treated differently under the Act, as well as the possibility that balance in copyright can be considered in the context of particular works and as part of a greater copyright whole. In fact, as suggested in Part B above, the photography amendments are in any event merely one example of a broader trend of increased rights for rights-holders and decreased rights for the individuals and the public.

55 [2002] 2 S.C.R. 336, <www.lexum.umontreal.ca/csc-scc/en/pub/2002/vol2/html/2002scr2_0336.html>.

56 *Ibid.* at para. 31.

Justice Binnie also sounded a warning for copyright law that too strongly favors rights holders: “excessive control by holders of copyrights and other forms of intellectual property may unduly limit the ability of the public domain to incorporate and embellish creative innovation in the long-term interests of society as a whole, or create practical obstacles to proper utilization.”⁵⁷ This articulation of the underlying purpose of copyright law and the need for balance was expressly affirmed by a unanimous Supreme Court of Canada two years later in *Law Society of Upper Canada v. CCH Canadian*.⁵⁸ As alluded to above and discussed further below, there are a number of reasons why Bill C-60 veers away from the Supreme Court of Canada’s expression of the purpose of copyright and appears to be imbalanced in its approach to photography issues.

2) Section 10

Although WCT compliance is undoubtedly a catalyst for government action regarding section 10, the essential objective behind the repeal of the section appears to be the harmonization of how photographers and other authors are treated under the Act in terms of authorship and term of protection. The term extension proposal raises fundamental questions of balance and the public domain. Although these issues are arguably part of a broader problem of balance which needs to be addressed on a global level in the Act, a broader fair dealing right or broader rights for libraries and archives might help address these issues regarding photographs by ensuring that public rights are increased when copyright holders’ rights are increased. Such counter-measures would certainly be consistent with the Supreme Court of Canada’s view of the purpose of copyright.

Another troubling problem with the repeal of section 10 is the unintended copyright consequence for the person who hands their camera to a stranger and asks them to take a family picture at Niagara Falls. Vesting copyright with the stranger in these situations is unacceptable, even if it is unlikely to cause significant problems in practice. Two main alternative approaches could be adopted to address this problem.

57 *Ibid.* at para. 32.

58 [2004] 1 S.C.R. 339, <www.lexum.umontreal.ca/csc-scc/en/pub/2004/vol1/html/2004scr1_0339.html> (“As mentioned, in *Théberge*, above, this Court stated that the purpose of copyright law was to balance the public interest in promoting the encouragement and dissemination of works of the arts and intellect and obtaining a just reward for the creator” at para. 23).

Under the first approach, the individual who owns the negatives or the photographs in such circumstances could be deemed to be the author of the photograph. This would essentially involve retaining subsection 10(2), but only for “personal” situations and only where the person who owns the negatives is a natural person. If either of those two requirements is not met, then the default rule regarding authorship would apply and the photographer would be the author of the work. This approach is balanced and would accomplish each of the key objectives: (1) it protects consumers and properly provides them with copyright and moral rights in relation to their photographs in the identified category of cases where it matters, (2) it allows Canada to meet the WCT requirement regarding term of protection because only natural persons could be authors, and (3) it harmonizes the treatment of photographers with other creators under the Act because the stranger at Niagara Falls is not truly a “photographer” for the purpose of measuring whether photographers are treated on equal footing with other authors under the *Act*. As an aside, if subsection 10(2) were retained as suggested here, it should also be amended to account for digital photography. Digital means of photography would have to be added to the notion of “negatives” in the subsection.

The second approach could address the “Niagara Falls” case at the ownership level by vesting first ownership of copyright in the consumer, not the stranger. Under this approach, the author would be the photographer and first ownership of copyright would vest in the consumer. This would harmonize treatment of photographers for the same reasons as under the first approach, permit the term extension amendment to be made, and provide consumers with copyright in their photographs. That said, there are at least two reasons why this approach is less desirable than the first approach outlined above: first, the term of protection would be based on the life of a stranger, leaving great doubt about how long copyright would subsist in the photographs, and second, the stranger would have moral rights that could (in theory) restrain the consumer’s ability to use their photographs.

3) Subsection 13(2)

a) Shortcomings of Bill C-60

The proposed repeal of subsection 13(2) raises a number of consumer protection issues, despite the fact that Bill C-60 states that certain consumer uses of commissioned photographs are not an infringement of copyright. When considered in isolation, the issue of consumers’ expectations regarding their affirmative rights is partially addressed by Bill C-60. Because the proposal permits consumers to make non-commercial use of the photo-

graphs that they commission, consumers' expectations are respected. Indeed, because consumers would be limited by photographers' moral rights even if the consumer owned copyright, there may not be an enormous difference between copyright ownership and the affirmative rights provided under Bill C-60. This conclusion is only applicable when the issue of affirmative rights is considered in isolation.

Even when affirmative rights are considered in isolation, however, it is important to note that the exception-based approach adopted by Bill C-60 may have adverse consequences for consumers. Rather than framing certain consumer activities as affirmative rights, Bill C-60 carves them out as exceptions and states that those acts are not infringements of copyright. This approach could have a chilling effect on consumer activities because consumers may be unwilling (and unable) to defend against allegations of infringement made by photographers, or parties to whom photographers have assigned or licensed copyright in consumer-commissioned photographs. In other words, consumers may be unwilling make use of their photographs because doing so requires them to wager that a court might find them to fall within the exception to infringement carved out in Bill C-60. Consumers may also find that they are unable to make certain uses because the chilling effect may extend to service providers — photo printing labs may increasingly refuse to copy photographs for consumers.⁵⁹

Beyond affirmative rights, Bill C-60 fails to address basic consumer expectations, fairness and rights of restraint. The next paragraphs consider these shortcomings and the next section discusses alternative ways to address them.

Bill C-60 addresses the issue of onus and fairness in only a limited way. By providing a form of use-rights to consumers, it does not impose an onus on consumers to raise the issue of copyright, at least in respect of many uses that they would likely wish to make of personal photos that they commission — the proposal provides them with those rights by default. That said, consumers might nevertheless expect that when they hire and pay for a photographer, they have full copyright in the resulting photographs. If so, then Bill C-60 effectively imposes an onus on the consumer to raise the issue of rights insofar as the rights they expect are something more than what the Bill provides.

The other aspect of onus relates to use of the photographs by the photographer. Because Bill C-60 vests copyright ownership in the photogra-

59 There is increasing anecdotal evidence that photo labs are already refusing to copy consumers' photographs. See for example Dan Bell, "Copyrights cause photo labs to refuse printing for customers" (17 June 2005), <www.cdfreaks.com/news/11961>.

pher, it undermines consumers' expectation that they will be asked for permission when a photographer wishes to use their photographs. To the extent that this expectation is not reflected in privacy law, the repeal of subsection 13(2) unfairly shifts the onus from photographer to consumer to raise the issue of rights-allocation.

Bill C-60's effect of shifting the onus away from the photographer is also unfair to consumers because it leaves little incentive for the photographer to raise the issue of copyright with consumers at all. Take the example of commissioned photographs of a pet. The consumer in this situation might have paid a great deal of money for the photographs, they probably assume that they have copyright in the resulting photographs, and they probably do not know that they need to raise the issue of copyright. In this example, the photographer may have no incentive to raise the rights issue or to present a contract to the consumer. Absent an agreement, the photographer would have copyright and moral rights in the photographs for their life plus fifty years. This means that (subject only to possible privacy or related restraints) the photographer has the right to commercialize the photographs without the knowledge or permission of the consumer who ordered and paid for them, and without any obligation to remunerate the consumer for any profits made. The same holds true for all artistic uses of consumers' photographs which are not covered by privacy legislation.

Finally, Bill C-60 does nothing to address the issue of consumers' ability to restrain uses of photographs that they commission. The rights provided to consumers under Bill C-60 are not exclusive rights in the nature of copyright — these cannot form the basis of a right of restraint. More importantly, with copyright vesting in the photographer by default, the Bill does not respect consumers' highly personal interest in controlling how their commissioned photographs are used, whether by reason of privacy or otherwise. At the same time that Bill C-60 takes away this right from consumers, it could also contribute to increased incidents of photographers making unauthorized use of commissioned photographs.

In effect, Bill C-60 relies entirely on privacy laws to provide consumers with rights of restraint.⁶⁰ As discussed above, there are numerous reasons why this reliance is misplaced. First, privacy laws are a confusing patchwork that do not offer uniform rights of restraint across Canada. Second, privacy laws do not apply in many important circumstances where con-

60 FAQ, above note 4 ("Existing protections of personal information and privacy legislation at the federal and provincial levels will continue to apply, regardless of the ownership of copyright in commissioned photographs").

sumers would expect that they have the ability to restrain use, including situations where no personal information is involved, where the use is non-commercial, or where the purpose is artistic.

Those who support the repeal of subsection 13(2) also sometimes suggest that privacy interests cannot justify its retention in the Act because copyright law is not intended to provide privacy protection.⁶¹ This is misguided in two substantial respects. First, subsection 13(2) protects much broader consumer interests than mere privacy interests — this is a copyright issue which belongs in the Act. For example, even though England's *Copyright, Designs and Patents Act, 1988* makes photographers the first owners of copyright in commissioned works, the legislation provides consumers with copyright-based rights of restraint:

(1) A person who for private and domestic purposes commissions the taking of a photograph or the making of a film has, where copyright subsists in the resulting work, the right not to have—

- (a) copies of the work issued to the public,
- (b) the work exhibited or shown in public, or
- (c) the work broadcast or included in a cable programme service;

...

These rights of restraint are reflective of copyright interests rather than mere privacy interests.⁶³ For example, these copyright-based rights of restraint do not require that the commissioner appear in the photographs or films, suggesting that the interests protected are more than privacy interests. New Zealand goes one step further by not only providing commissioners with first ownership of copyright in a variety of works by default, but also setting out specific rights of restraint for consumers who commission photographs and films (in addition to the general rights of restraint that they might enjoy as copyright holders).⁶⁴ The rights of restraint provided by default in subsection 13(2) are more than mere privacy-based interests; this fact is made clear by the numerous examples of where privacy does not provide consumers a right of restraint, but where any reasonable person would conclude that a right of restraint should exist.

61 See for example *From Gutenberg to Telidon*, above note 16.

62 *Copyright, Designs and Patents Act 1988*, Ch. 48, <www.opsi.gov.uk/acts/acts1988/Ukpga_19880048_en_1.htm>, s. 85.

63 See also *Ilsey Commission*, above note 17.

64 *Copyright Act, 1994*, No.143, <www.legislation.govt.nz/browse_vw.asp?content-set=pal_statutes>, s. 105 [*New Zealand Copyright Act*].

Second, even if subsection 13(2) does overlap with privacy to a great extent, it does not follow that copyright should not protect such interests. Subsection 13(3) is a useful parallel to help understand this point. In this section, Parliament decided in its wisdom to vest initial ownership of copyright in employers by default. This subsection protects the (primarily economic) interests of employers. The point is that ownership of copyright in a work is a matter for the Act to address and to allocate on whatever basis is appropriate and balanced in the circumstances. Subsection 13(3) sets out a default position that protects the interests of employers while subsection 13(2) allocates a default position that protects the interests of consumers. In each case, the interests of the party requesting and paying for the work are protected. The *Ilsley Commission* picked up on this parallel between commissioned works and subsection 13(3):

One reason for leaving copyright in commissioned works with the person commissioning is that to leave it with the person commissioned makes (we think) too sharp a distinction between the case where there is a contract of service and the case where there is a contract for services. Many cases would be on the border line.⁶⁵

b) Developing a balanced solution for commissioned works

The shortcomings of Bill C-60 could be largely addressed by adopting the model currently used in Australia. For all photographs commissioned for private or domestic purposes, Australia vests copyright with the commissioner but allows the photographer to restrain uses not contemplated at the time of commissioning:

the [commissioner] is the owner of any copyright subsisting in the work by virtue of this Part, but, if at the time the agreement was made that person made known, expressly or by implication, to the author of the work the purpose for which the work was required, the author is entitled to restrain the doing, otherwise than for that purpose, of any act comprised in the copyright in the work.⁶⁶

This ensures that photographers can prevent consumers from unfairly exploiting and profiting from commissioned works. The Australian default rule puts the onus on the photographer; if the photographer does not raise

⁶⁵ *Ilsley Commission*, above note 17 at 48.

⁶⁶ *Copyright Act 1968* (Cth.), <<http://aide.austlii.edu.au/TestbedSwiki/49.html>>, s. 35.

the issue of restraining the consumer's use, or if the consumer's purpose is not obvious, then the consumer is permitted to make full copyright use of their commissioned photographs. This solution appears to respect each of the consumer issues and expectations identified in this chapter, while at the same time placing the onus properly on the photographer to raise the issue of copyright, or at least to ensure the consumer is specific about what uses he intends to make of his photograph. The one undesirable aspect of the Australian model is the use of the phrase "or by implication." Given that photographers can be expected to be savvy about copyright, it would be preferable to encourage them to raise copyright issues explicitly and to present consumers with concrete agreements, rather than relying on vague ideas about what can or cannot be implied into certain commissions.

In order to further ensure that consumer interests are protected irrespective of copyright ownership and any standard form contract that photographers might present to consumers, Canada could add to the modified-Australian model described above the kind of inalienable copyright-based rights of restraint contained in the English and New Zealand legislation.

Photographers might protest that the solution proposed here discriminates against them, even if only in a very narrow category of cases. One response to this might be that the different treatment is justified in the circumstances of such cases given the unique nature of photographs and the need to balance rights in the Act. However, the other alternative would be to treat all creators just as photographers would be treated under such a rule — i.e., extend the rule to the private or domestic commissioning of more than just photographic works. This issue was raised by the Minister of Canadian Heritage who suggested that Canadian Heritage was considering whether to extend the rule regarding commissioned works to include commissioned films and videos — e.g., wedding videos.⁶⁷

Although the application of the default rule in subsection 13(2) seems to take on particular significance in the context of photographs and videos, which can be highly personal, the rationale for vesting default copyright in the consumer may not be limited to these types of works. New Zealand provides a precedent in this regard, providing first ownership of copyright to consumers in respect of commissioned photographs, computer programs, paintings, drawings, diagrams, maps, charts, plans, en-

67 Canada, Canadian Heritage, *Status Report on Copyright Reform* (24 March 2004), <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp01134e.html>>.

gravings, models, sculptures, films and sound recordings.⁶⁸ Canada might consider whether the rule for personal and domestic commissioned works should be extended to all categories of works, or to a specific list of works as in New Zealand. Under this approach, all creators are treated more or less equally and the default rule favours consumers where appropriate. Ironically, given the government's intention to "modernize" the Act,⁶⁹ this model would bring Canada somewhat closer to the English *Copyright Act of 1868* which provided that copyright in all works made to order belonged to the commissioner.⁷⁰

F. CONCLUSION

Having come to the end of this chapter, the wisdom in the Honourable Senator Kirby's words is clear: "there is nothing in life that is as simple, when you get into it, as it looks on the surface."⁷¹ This chapter has reviewed a number of important reasons why consumers who commission works ought to retain first ownership of copyright by default and why their interests, and the public interest, need to be accounted for in the proposed authorship and term extension amendments in Bill C-60. Consumer expectations and fairness, affirmative rights, and rights of restraint all militate strongly in favor of retaining subsection 13(2) for photographs commissioned for personal and domestic purposes. The same rationale may justify extending the application of the rule to other works as well. The adequacy of Bill C-60's "harmonization" amendments has been analyzed and criticized and a number of possible alternative solutions have been proposed. The alternative solutions proposed here strive to treat all creators and works in the same manner, but only as one factor to consider in determining the proper copyright balance. It is hoped that this chapter will help frame debate around the photography issues in copyright reform more broadly than through the government's narrow lens of "harmonization."

68 *New Zealand Copyright Act*, above note 64, s. 21.

69 Canada, Industry Canada, "Government to Modernize Copyright Legislation" (22 June 2001), <www.ic.gc.ca/cmb/Welcomeic.nsf/o/85256a220056c2a485256a710062b454?OpenDocument>.

70 *Copyright Act of 1868*, above note 18.

71 *Senate Hearing November 3*, above note 6 at 12.

PART THREE:

The Future of Canadian Copyright Reform

The Changing Face of Fair Dealing in Canadian Copyright Law:

A Proposal for Legislative Reform

Carys Craig

A. INTRODUCTION

The fair dealing defence performs an integral function within the copyright system: it permits substantial uses of copyright-protected works, which would otherwise be infringing, in order to ensure that copyright does not defeat its own ends. By creating the necessary “breathing space” in the copyright system, the fair dealing defence acknowledges the collaborative and interactive nature of cultural creativity, recognizing that copyright-protected works can be used, copied, transformed, and shared in ways that actually further — as opposed to undermine — the purposes of the copyright system.² If copyright is to be justified as a means to en-

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- 1 In the famous Supreme Court decision of *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 at para. 579, <www.law.cornell.edu/copyright/cases/510_US_569.htm>, 114 S. Ct. 1164 (1994), Justice Souter referred to the “fair use doctrine’s guarantee of breathing space within the confines of copyright.” The need for breathing space flows from “the need simultaneously to protect copyrighted material and to allow others to build upon it”: (*ibid.* at para. 575).
 - 2 In this sense, the concept of fair dealing embraces the dilemma that pervades all aspects of copyright policy-making: the need to minimally restrict the general dissemination and use of cultural products, and maximally promote both knowledge production and the distribution of authorized copies of protected works. See Economic Council of Canada, *Report on Intellectual and Industrial Property* (Ottawa: Public Works and Government Services Canada, 1971) at 31–35.

courage the creation and exchange of intellectual works for the benefit of authors and society as a whole, then a suitable fair dealing defence is an essential part of that justification.

Unfortunately, the state of Canadian jurisprudence on fair dealing has tended not to reflect the critical nature of the role that it plays. Rather, fair dealing was for many years all but redundant in the Canadian courts: rarely raised and cursorily rejected. In recent years, it has made more frequent appearances in judicial decisions, but without much more success.³ It is only in the last three years, with the appellate decisions issued in the case of *CCH Canadian Ltd. v. Law Society of Upper Canada*,⁴ that we have begun to see a reversal in the misfortunes of fair dealing. In *CCH*, both the Federal Court of Appeal and the Supreme Court rejected the strict construction of fair dealing that had characterized judicial decision-making, and insisted upon the integral nature of fair dealing in copyright policy.⁵ This new approach flowed from an acknowledgement of the public as an intended beneficiary of the copyright system.⁶

However, the optimism generated by these judgments should be tempered by a concern with the statutory formation of the fair dealing provisions, which continue to reflect a vision of fair dealing as a narrow exception to the copyright rules, and one that must be restrictively applied.⁷ In their current form, the Canadian fair dealing provisions have the capacity to drastically undermine the significance of the Supreme Court's recent stance on fair dealing, and to provide a route by which lower courts can avoid the policy implications of the *CCH* case. My argument is that the rigid and restrictive fair dealing provisions currently found in the

3 Below part B(2).

4 2002 FCA 187, <<http://reports.fja.gc.ca/fc/2002/pub/v4/2002fc30725.html>>, [2002] 4 F.C. 213, 212 D.L.R. (4th) 385 [*CCH (FCA)* cited to F.C.]; 2004 SCC 13, <www.canlii.org/ca/cas/scc/2004/2004scc13.html>, [2004] 1 S.C.R. 339, (2002), 30 C.P.R. (4th) 1 [*CCH (SCC)* cited to S.C.R.].

5 See *CCH (FCA)*, *ibid.* at para. 126; *CCH (SCC)*, *ibid.* at para. 48; and below, part B(3).

6 See *Théberge v. Galerie d'Art du Petit Champlain inc.*, 2002 SCC 34, <www.canlii.org/ca/cas/scc/2002/2002scc34.html>, [2002] 2 S.C.R. 336 at paras. 30–31, (2002) 210 D.L.R. (4th) 385, [*Théberge* cited to S.C.R.]; *CCH (FCA)*, above note 4, at para. 23; *CCH (SCC)*, above note 4, at para. 10; below part C(1).

7 The fairness of a defendant's dealing is relevant only if the purpose of the dealing fits within the limited purposes enumerated in the *Copyright Act* [the Act], and in the case of criticism, review, or news reporting, only if the source of the work is mentioned. *Copyright Act*, R.S.C. 1985, c. C-42, <<http://laws.justice.gc.ca/en/C-42/>>, ss. 29–29.2; see below part B(1).

Act should be replaced with an open-ended defence similar in form to the United States' fair use defence. This statutory revision is necessary to support and cement the significance of *CCH* in the development of a robust fair dealing defence; it is therefore essential to copyright's purposes.

In Part B, I offer a brief survey of fair dealing jurisprudence in Canada, and describe how the face of fair dealing has changed with the *CCH* case. In Part C, I explore the relationship between this change and a more general shift in Canadian copyright policy away from its traditional preoccupation with authors' rights. I argue that a balance between authors and the public interest demands a broad fair dealing defence. In Part D, I conclude that a broad defence remains beyond the reach of the courts, even post-*CCH*, in light of the narrowly drafted fair dealing provisions of the Act, which must therefore be reformed.

B. FAIR DEALING IN CANADIAN COPYRIGHT LAW

1) The Fair Dealing Provisions in Context

The Canadian fair dealing provisions limit fair dealing with a copyrighted work to the purposes of research or private study,⁸ criticism or review,⁹ or news reporting.¹⁰ As such, Canada's fair dealing provisions do not provide a general, open-ended defence for any dealing that can be regarded as "fair"; the fairness of a particular dealing is relevant to infringement proceedings only if it was undertaken for at least one of these specific purposes.¹¹ In addition, where the dealing is for any purpose other than research or private study, the defence can succeed only if there has been sufficient acknowledgement of the source of the copied work.¹² There are therefore three hurdles to be met by a defendant who claims to have dealt fairly with a work: first, the purpose must be one of those listed in the Act;

8 *Ibid.*, s. 29.

9 *Ibid.*, s. 29.1.

10 *Ibid.*, s. 29.2.

11 In *CCH (FCA)*, above note 4 at para. 127, Linden J explained the significance of the closed list of purposes in the Act: "If the purpose of the dealing is not one that is expressly mentioned in the Act, this Court is powerless to apply the fair dealing exemptions."

12 Above note 7. Both ss. 29.1 & 29.2 contain the caveat: "... if the following are mentioned: the source; and if given in the source, the name of the author, in the case of a work, performer, in the case of a performer's performance, maker, in the case of a sound recording, or broadcaster, in the case of a communication signal."

second, the dealing must be fair; and finally, sufficient acknowledgement must have been given where required by the Act. Failure to overcome any one of these hurdles causes the defence to fail. This triple-tiered approach stands in contrast to the American equivalent of “fair use.” Under the US law, the purposes listed in the provision are not exhaustive,¹³ and failure to acknowledge source is not a bar to the defence. The US fair use provision is open-ended, and the overarching consideration for the courts is one of fairness; fairness is to be determined with reference to a non-exclusive list of relevant factors such as the purpose and character of the use, the nature of the protected work, the amount of the work that has been used, and the likely consequence of this use upon the market for the original.¹⁴

The Canadian legislative approach to fair dealing in copyright law may differ from that of its neighbour, but it shares its approach, most notably, with the United Kingdom. Originally, the *Canadian Copyright Act 1921* provided, in the same terms as the *British Copyright Act of 1911*, that any fair dealing for the purposes of private study, research, criticism, review, or newspaper summary would not constitute an infringement of copyright.¹⁵ This formulation of the fair dealing defence, which was repeated in Canada’s 1970 *Copyright Act*,¹⁶ was the subject of review in a 1984 Canadian White Paper.¹⁷ The White Paper proposed that a new Act should “provide both a definition of fair dealing (to be termed ‘fair use’) and a prioritized list of factors to be considered in determining whether a particular use of

13 17 U.S.C. § 107 (1976), <www.copyright.gov/title17/92chap1.html#107> provides: “The fair use of a copyright work ... , for purposes *such as* criticism, comment, news reporting, teaching ... , scholarship, or research, is not an infringement of copyright” [emphasis added].

14 *Ibid.*: “In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include: 1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; 2) the nature of the copyrighted work; 3) the amount and the substantiality of the portion used in relation to the copyrighted work as a whole; and 4) the effect of the use upon the potential market for or value of the copyrighted work.”

15 *The Canadian Copyright Act 1921*, c. 24, s. 16(1)(i); compare *An Act to Amend and Consolidate the Law Relating to Copyright*, 1 & 2 Geo. V, c. 46, s. 2(1)(i).

16 11-12 Geo. V. c. 24, s. 17(2), declared as lawful “(a) Any fair dealing with any work for the purposes of private study, research, criticism, review or newspaper study.”

17 *From Gutenberg to Telidon: A White Paper on Copyright* (Ottawa: Consumer & Corporate Affairs Canada, 1984).

a work is a fair use.”¹⁸ The proposal thus drew guidance from the US fair use provisions enacted in 1976.¹⁹

The Sub-Committee on the Revision of Copyright²⁰ advised against the proposed fair use model.²¹ It cited the success of the Canadian approach as evidenced by the paucity of litigation in Canada, particularly when contrasted against the substantial fair use litigation in the US. It would have been more appropriate to regard the rarity of fair dealing in the Canadian courts as indicative of its impotence rather than its success: the predictable result of a restrictive defence, ill-equipped to ameliorate the position of users or restrain the demands of owners. Instead, the opportunity for an expansive fair dealing defence was lost amidst fears of an increase in litigation and suspicion of a widely applicable defence to copyright infringement.

This outcome is indicative of a distinct anxiousness in Canada to avoid any significant expansion of the fair dealing provisions.²² The absence of any amendment to fair dealing in Canada’s new copyright reform bill, Bill C-60, only underscores this fact.²³ The original *Report on the Provisions and*

18 *Ibid.* at 39–40. Barry Torno had also recommended this revision in his report, *Fair Dealing: The Need For Conceptual Clarity on the Road to Copyright Revision* (Ottawa: Corporate Revision Studies, Consumer & Corporate Affairs Canada, 1981). Factors to be considered were: the impact of the use on the copyright owner’s economic reward (such that if copying was so substantial as to materially reduce the demand for the original, the copyright owner’s interests would have been harmed); the type of work involved and its purpose (as the nature of the creation colours the owner’s expectation about how it will be used); and the amount and extent of the taking. *Ibid.* at 40.

19 Above notes 13 and 14.

20 Canada, Standing Committee on Communication and Culture, *A Charter of Rights for Creators* (Ottawa: Minister of Supply and Services, 1985). For the relevant text on fair dealing see pp. 63–66 of the report, or see Robert G. Howell, Linda Vincent, & Michael D. Manson, *Intellectual Property Law: Cases and Materials* (Toronto: Emond Montgomery, 1999) at 361–63.

21 The Sub-Committee rejected the proposal for a list of relevant factors, citing the need for flexibility, but retained the enumerated purposes in the name of certainty. Because fairness is moot in the absence of a permitted purpose, it was the desire for certainty that triumphed.

22 A further example is the withdrawal of Bill C-316, *An Act to Amend the Copyright Act*, 1990, which had represented an attempt to move towards an American “fair use” concept in Canadian copyright law. See Howell, Vincent, & Manson, above note 20 at 363; also H.G. Richards, *Concept of Infringement in the Copyright Act*, in G.F. Henderson (ed.), *Copyright and Confidential Information Law of Canada* at 215–18.

23 <www.parl.gc.ca/PDF/38/1/parlbus/chambus/house/bills/government/C-60_1.PDF>.

Operation of the Copyright Act, released in May 2002, raised the possibility of amending sections 29 and 29.1 of the Act “to expand the scope of fair dealing to ensure that it does not exclude activities that are socially beneficial and that cause little prejudice to rights holders’ ability to exploit their works and other subject matter.”²⁴ But judging by the *Interim Report of the Standing Committee*, the possibility of significant reform to Canada’s fair dealing provision has fallen by the wayside; instead, there are proposals for the explicit inclusion of educational purposes in the fair dealing section²⁵ or — the Committee’s preferred option — a blanket license for use of online materials by educational institutions.²⁶ Such piecemeal amendments would be more likely to restrict present fair dealing practices than to advance the interests of users.²⁷ Against this background, the following statement, made by Justice Laddie with reference to British copyright law, should resonate with Canadians:

Rigidity is the rule. It is as if every tiny exception to the grasp of copyright monopoly has had to be fought hard for, prized out of the unwilling hand of the legislature and, once, conceded, defined precisely and confined within high and immutable walls [T]he drafting of the

24 **Industry Canada**, *Supporting Culture and Innovation: Report on the Provisions and Operation of the Copyright Act* (Ottawa: Intellectual Property Policy Directorate, 2002), <http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp00873e.html#B2_8> at B.2.8.

25 **See Canada**, *Interim Report on Copyright Reform: Report of the Standing Committee on Canadian Heritage* (May 2004), Part E, Option 1 (Status Report Option 40(a)): <www.parl.gc.ca/InfocomDoc/Documents/37/3/parlbus/commbus/house/reports/herirp01/07-rap-e.htm#TOCLink_07_24>.

26 *Ibid.*, Option 2. A blanket licence does not create an exemption to the copyright owner’s exclusive right as such; rather, the exclusive right is restricted to an entitlement to fair compensation.

27 **Without any explicit mention of educational purposes, one might assume that** such uses are already embraced by the exception for “research and private study,” particularly in light of the Supreme Court’s ruling in *CCH (SCC)*, which found the defendant’s activities to be “research-based” because they were a necessary part of the research process. *CCH (SCC)*, above note 4 at paras. 63 & 73. With the proposed addition of a blanket license for educational institutions, licensing fees would be owed for uses that would likely have been free and fair in the absence of such a licensing scheme. The proposed licensing scheme would also leave other users of Internet materials in a difficult position. As more specific purposes are added, the potential scope of fair dealing is reduced. A 1977 report on copyright in the UK warned: “The greater the number of special cases, the greater the scope for uncertainty in relation to cases not specifically dealt with.” *The Whitford Report on the Law of Copyright and Designs 1977*, cmdnd 6732 at para. 668 [*Whitford Report*].

legislation bears all the hallmarks of a complacent certainty that wider copyright protection is morally and economically justified. But is it?²⁸

2) Judicial Treatment of the Fair Dealing Defence Before CCH

The Canadian fair dealing defence is “statutorily restrictive and not easily capable of a remedial, flexible, or evolutionary interpretation.”²⁹ For a long time, the Canadian approach to fair dealing was one of single-minded reliance upon specific rules, together with a distinct unwillingness to consider the purpose of fair dealing within the larger policy aims of copyright law. The result was a lack of principled discussion about the defence, and a wide refusal to entertain it. This effectively eviscerated fair dealing;³⁰ it was bound too tightly to the strict statutory language and encumbered with an apparent, if unarticulated, sense that use of another’s work without permission was *de facto* unfair.

The tendency amongst Canadian courts was to reject the fair dealing defence by invoking (and often creating) a bright-line mechanical rule that would preclude fair dealing on the facts of the case. The use of mechanical rules is suggestive of a general judicial unease, both with the flexibility inherent in the concept of fairness, and with the notion that someone might use another’s work without permission. By automatically excluding a particular use from the protective sphere of fair dealing, a court can avoid analyzing the interests at stake or inquiring into the purposes of the copyright system. So, for example, in the case of *Zamacois v. Douville*, fair dealing was denied because “a critic cannot, without being guilty of infringement, reproduce in full, without the author’s permission, the work which he criticizes.”³¹ In *The Queen v. James Lorimer*, the defendant’s abridgement of a government report failed to benefit from fair deal-

28 Justice Laddie, “Copyright: Over-Strength, Over-Regulated, Over-Rated” (1996) 18(5) E.I.P.R. 253 at 259.

29 Howard Knopf, *Limits on the Nature and Scope of Copyright*, in G.F. Henderson, above note 22 at 257.

30 Compare David Fewer, “Constitutionalizing Copyright: Freedom of Expression and the Limits of Copyright in Canada” (1997) 55(2) U. T. Fac. L. Rev. 175 at 207: “[T]he failure of Canadian courts to articulate a reasoned application of the fair dealing defence, combined with the barren state of pertinent jurisprudence and lack of deliberate legislative guidance, has impoverished the defence itself.”

31 (1943), 2 C.P.R. 270 at 302, 2 D.L.R. 257 [*Zamacois* cited to C.P.R.]. Cf. *Allen v. Toronto Star* (1997), 78 C.P.R. (3d) 115, 152 D.L.R. (4th) 518 [*Allen* cited to C.P.R.].

ing because the defence was thought to require “some dealing with the work other than simply condensing it into an abridged version.”³² In *B.W. International v. Thomson Canada, Ltd.*, it was held that the publication of a leaked work could not be fair dealing.³³

Other courts used similarly bright-line rules to exclude uses from the narrow purposes of the Act, thereby rendering fairness moot. In *Hager v. ECW Press Ltd.*, a biography was held not to be a work of “research,” because “the use contemplated by private study and research is not one in which the copied work is communicated to the public.”³⁴ In *Boudreau v. Lin*, a University’s copying and sale of course materials was found not to be for the purposes of “private study” because the materials were distributed to all members of a class.³⁵ But perhaps the most striking example of the restrictive interpretation of enumerated purposes is found in *Cie Générale des Etablissement Michelin-Michélin & Cie. v. C.A.W.-Canada*,³⁶ which held that the defendants’ parody of a corporate logo could not be included within the category of “criticism.”³⁷

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- 32 [1984] 1 F.C. 1065, 77 C.P.R. (2d) 262 at 269 [*Lorimer* cited to F.C.]. This was notwithstanding that the history of fair dealing lies in the concept of “fair abridgement.” See *Gyles v. Wilcox* (1740), 2 Atk. 141 at 143, Lord Chancellor Harwicke: “[W]here books are colourably shortened only, they are undoubtedly within the meaning of the Act ... and cannot be called an abridgement, for abridgements may with great propriety be called a new book ... and in many cases are extremely useful If I should extend the rule so far as to restrain all abridgements, it would be of mischievous consequence” But see also William Patry, *The Fair Use Privilege in Copyright Law* (Washington, D.C.: Bureau of National Affairs, 1985) at 17, drawing a distinction between fair abridgement and fair use on the basis that the latter does not accommodate communication of the same knowledge.
- 33 (1996), 137 D.L.R. (4th) 398, 68 C.P.R. (3d) 289 [*B.W. International* cited to D.L.R.]. This is in line with the British case, *Beloff v. Pressdram Ltd.*, [1973] 1 All E.R. 241 (Ch.), and the Australian case of *Australia v. John Fairfax & Sons Ltd.* (1980), 147 C.L.R. 39.
- 34 (1998), 85 C.P.R. (3d) 289, <<http://recueil.cmf.gc.ca/fc/1999/pub/v2/1999fc23716.html>> at para. 55, 312, 2 F.C. 287 [*Hager* cited to C.P.R.].
- 35 (1997), 150 D.L.R. (4th) 324, <<http://members.shaw.ca/tperrin/writelaw/boudreau.htm>> 75 C.P.R. (3d) 1 at 335 [*Boudreau* cited to D.L.R.]: “The material was distributed to all the members of the class of students. This does not qualify as ‘private study.’” This decision was in line with the British case of *Sil-litoe v. McGraw-Hill Book Co.*, [1983] F.S.R. 545 (Ch.D.).
- 36 (1997), 71 C.P.R. (3d) 348, 2 F.C. 306 [*Michélin* cited to C.P.R.].
- 37 “[P]arody does not exist as a facet of ‘criticism,’ as an exception to infringement in Canadian copyright law. I do accept that parody in a generic sense can be a form of criticism; however, it is not ‘criticism’ for the purposes of the *Copyright Act* as an exception under the fair dealing heading.” *Ibid.* at 381.

It would not have required much imagination or judicial creativity to bring parody within the fair dealing provisions as a species of criticism,³⁸ yet one can understand how it came to be excluded in light of Canada's narrowly drawn defence. Justice Teitelbaum observed that, in contrast to the U.S position, the exceptions to acts of copyright infringement are "exhaustively listed as a closed set," and inferred from this that "[t]hey should be restrictively interpreted as exceptions." Parody was thought to require a new exception because it did not expressly appear in the closed set of permitted purposes.³⁹

As a result of this extremely restrictive approach to fair dealing purposes, the best protection for parodists in Canada is simply to avoid substantial similarity to the original work.⁴⁰ However, the transformative value of parody and the power that it wields as a means of social critique make a strong case for its inclusion in the fair dealing defence.⁴¹ The precarious situation of parody in Canadian copyright law — particularly compared to

38 See James Zegers, "Parody and Fair Use in Canada After *Campbell v. Acuff-Rose*" (1994-95) 11 C.I.P.R. 205.

39 Above note 36 at 379. "[E]xceptions to copyright infringement should be strictly interpreted. I am not prepared to read in parody as a form of criticism and thus create a new exception." The defendants' position also suffered at the third hurdle of the fair dealing inquiry: the additional requirement that the source be mentioned. The implicit acknowledgement of source or allusion to the original that is characteristic of parody was held to be insufficient mention for the purposes of the Act (*ibid.* at 382-84). Also, the Court held that the parody was unfair because it held the plaintiff's work up to ridicule (*ibid.* at 384).

40 In other words, if the parodist avoids taking a substantial part of the original work, there will be no *prima facie* infringement. This is especially worrying because the nature of parody requires that the original copyrighted work be immediately apparent to the audience of the infringing work. Moreover, the copyright owner usually has an interest in not being a target of humour and critique, making it unlikely that he will license the work at any price. For an interesting discussion of the economic efficiency of treating parody as "fair use," see Alfred C. Yen, "When Authors Won't Sell: Parody, Fair Use and Efficiency in Copyright Law" (1991) 62 U. Colo. L. Rev. 79. The situation may not be so dire if future courts pick up the reasoning of the Quebec Court of Appeal in *Productions Avanti Ciné-Vidéo Inc. v. Favreau* (1999), 1 C.P.R. (4th) 129, 177 D.L.R. (4th) 568, which found that "true parody" might be an acceptable defence if all the requirements of the Act are met.

41 As explained by Justice Souter in *Campbell v. Acuff-Rose Music, Inc.*, above note 1 at 579: "[T]he goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works. Such works thus lie at the heart of the fair use doctrine's guarantee of breathing space within the confines of copyright."

the room accorded to such uses in the US regime⁴² — thus exemplifies the shortcomings of a closed-purpose approach, and underscores the general inadequacy of Canada's current fair dealing defence to advance the public purposes of copyright.

This brings us to the case of *CCH Canadian Ltd. v. Law Society of Upper Canada*,⁴³ which concerned a photocopying service offered by the Great Library at Osgoode Hall for its patrons — members of the Law Society, the judiciary, students, and researchers. The defendant argued that the purpose of the photocopy service was research. The plaintiff responded that the relevant purpose under the Act is that of the individual or organization dealing with the work, and not the persons to whom the copies are ultimately communicated. Justice Gibson agreed:

The copying by the defendant in the course of its custom photocopy service was not for a purpose within the ambit of fair dealing notwithstanding that the ultimate use by the requester of the photocopying might itself be within the ambit of fair dealing I am satisfied that the fair dealing exception should be strictly construed.⁴⁴

This judgment was characteristic of the narrow confines within which the Canadian judiciary had drawn the fair dealing defence,⁴⁵ and underscored the potential for a restrictive construction of enumerated purposes to essentially foreclose larger considerations of fairness or public policy. Fortunately, when this ruling was appealed to the Court of Appeal, and subsequently the Supreme Court, we began to see a long overdue change in the fortunes of fair dealing.

42 Above note 1.

43 (1999), 179 D.L.R. (4th) 609, 2 C.P.R. (4th) 129 [*CCH* cited to C.P.R.].

44 *Ibid.* at para. 175.

45 One notable exception to this rule is found in *Allen*, above note 31, where the reproduction of a photograph for the purpose of illustrating a news story was held to be fair use. The reproduction — in black and white, reduced in size, and placed inside the newspaper — was regarded as an apt use of the work for the purpose of news reporting that did give the defendant any unfair commercial advantage. This was in contrast to the lower court ruling, where fair dealing had been declared “an interesting issue which ... has no application to the case at bar,” (1995), 129 D.L.R. (4th) 171, 63 C.P.R. (3d) 517 at 525. Notably, the case was decided on the law prior to the addition of the acknowledgement requirement. It is possible that the *Star*'s fair dealing defence would fail on this third hurdle if it were to be decided today.

3) CCH and the Transformation of Fair Dealing

The real breakthrough in the *CCH* decision came with the Court of Appeal's refusal to subject the fair dealing provisions to the traditionally narrow interpretation dominant in Canadian courts. According to Justice Linden:

The Trial Judge erred in law when he stated that exceptions to infringement must be "strictly construed." There is no basis in law or in policy for such an approach. An overly restrictive interpretation of the exemptions contained in the Act would be inconsistent with the mandate of copyright law to harmonize owners' rights with legitimate public interests.⁴⁶

Having welcomed the possibility of a more generous interpretation of section 29, the Federal Court of Appeal was able to engage in principled discussion of the defence. Rather than casting fair dealing as a limited derogation from the norms of copyright law, Justice Linden acknowledged that "user rights are not just loopholes" and are therefore deserving of a "fair and balanced reading."⁴⁷ Thus characterized, fair dealing is not an excuse for copyright infringement — a common perspective that buttresses calls for its limited application. If a person is dealing fairly within the meaning of the Act, there is no infringing activity in need of excuse.⁴⁸

With a revised outlook on the nature and role of fair dealing, the majority rejected Justice Gibson's position that facilitating research was not research *per se*. Because the actions of the plaintiff were undertaken solely in response to its patrons' requests, it was permitted to adopt their purposes as its own.⁴⁹ The question of fairness also benefited from a more nuanced, less rigid, approach than commonly found in the Canadian jurisprudence. Rather than an *ad hoc* determination of fairness ostensibly derived from

46 *CCH (FCA)*, above note 4 at para. 126.

47 *Ibid.*, quoting David Vaver, *Copyright Law* (Toronto: Irwin Law, 2000) at 171.

48 "Simply put, any act falling within the fair dealing provisions is not an infringement of copyright." *CCH (FCA)*, above note 4 at para. 126. In other words, the user is not doing something that the copyright owner has the exclusive right to do. See above note 7, s. 3(1).

49 *CCH (FCA)*, above note 4 at paras. 132–34. If a patron's purpose was research within the meaning of the Act, and the use was fair in relation to that purpose, then the Library could successfully claim to be fair dealing on their behalf. "In essence the Law Society can vicariously claim an individual end user's fair dealing exemption, and step into the shoes of its patron" (*ibid.* at para. 143, Linden J.). Cf. (*ibid.* at para. 295, Rothstein JA.).

the perceived moral equities of the case, the Court of Appeal provided a principled survey of the factors to be considered. In large part, these factors mirrored those enumerated in the US fair use provision.⁵⁰ Rather than imposing the kind of mechanical rules typical of Canadian decisions, the court stressed that the “elements of fairness are malleable” and “none of the factors are conclusive or binding.”⁵¹ However, because the fairness of each potentially infringing activity conducted on behalf of patrons would have to be considered individually, the Court found itself unable to hold that the Library’s activities amounted to fair dealing across the board.

On appeal, the Supreme Court agreed that fair dealing is an integral part of the copyright scheme,⁵² and praised Justice Linden’s list of factors as a “useful analytical framework to govern determinations of fairness in future cases.”⁵³ However, the Supreme Court went even further, holding that the practices of the Great Library constituted fair dealing;⁵⁴ an avenue open to it by virtue of its expansive reading of section 29. The Court insisted upon “a large and liberal interpretation [of “research”] in order to ensure that users’ rights are not unduly constrained.”⁵⁵ Whereas the Court of Appeal had speculated upon the fairness of every individual, potentially infringing act, the Supreme Court chose instead to approach the issue with a focus upon the defendant’s general practices and policies,⁵⁶ which it found to be “research-based and fair.”⁵⁷

50 The Court assessed the purpose, nature, and amount of the dealing, the nature of the protected work, and the likely effect of the dealing. In addition, the availability of alternatives to the dealing was considered. *Ibid.* at para. 150.

51 *Ibid.*

52 CCH (SCC) above note 4 at paras. 48–49.

53 *Ibid.* at para. 53.

54 *Ibid.* at para. 73.

55 *Ibid.* at para. 51. Also: “[A]llowable purposes should not be given a restrictive interpretation or this could result in the undue restriction of users’ rights” (*ibid.* at para. 54).

56 *Ibid.* at para. 63: “The language [of s. 29] is general. ‘Dealing’ connotes not individual acts, but a practice or system. This comports with the purpose of the fair dealing exception, which is to ensure that users are not unduly restricted in their ability to use and disseminate copyrighted works. Persons or institutions relying on the s. 29 fair dealing exception need only prove that their own dealings with copyrighted works were for the purpose of research or private study and were fair. They may do this either by showing that their own practices and policies were research-based and fair, or by showing that all individual dealings with the materials were in fact research-based and fair.”

57 *Ibid.* at para. 73. The Library had in place an “Access to the Law” Policy, which, according to the Court, put in place reasonable safeguards to ensure that ma-

The Supreme Court's broad and instrumental interpretation of the fair dealing provisions, informed by a sense of fair dealing's purpose in the copyright system, thereby permitted a non-profit institution to continue to facilitate research in the legal community. In spite of the restrictive statutory language that had impeded the defence at the Trial Division and complicated the issue before the Federal Court of Appeal, this is a perfect example of a socially useful activity that fair dealing ought to protect. Thanks to the kind of principled reasoning overwhelmingly absent from earlier fair dealing cases, it was finally able to do so.

C. FAIR DEALING AND THE PURPOSES OF COPYRIGHT

It was the reconceptualization of fair dealing as integral, not exceptional, which paved the way for the Supreme Court's *CCH* ruling. It is important to recognize that this shift in the rationalization of fair dealing did not find support in the fair dealing provisions, but occurred in spite of them. The changing face of fair dealing is the result of a larger theoretical shift in the rationalization of copyright as a whole: a shift away from the author's rights and towards the public interest. This connection reveals the tension that exists between Canada's restrictive fair dealing defence and the public policy purposes espoused by the Supreme Court.

1) Drawing the Connection

The common claim that fair dealing should be subject to strict construction — a claim typical of judicial pronouncements on fair dealing prior to *CCH* — appears to flow from a conviction that fair dealing is exceptional because it is antithetical to the normative presupposition of the copyright system: namely, that the author should have exclusive control over the use of her work. The role attributed to fair dealing thus reflects wider assumptions about the nature of copyright. If we understand copyright norms to be concerned primarily with the rights of authors and owners, allowing otherwise infringing uses without requiring permission or compensation might seem incompatible with — or at least undesirable in light of — this normative foundation. It accordingly makes sense, from this perspective, to have a narrow fair dealing provision subject to restrictive interpretation and rarely applied.

terials requested were being used for the purposes of research or private study. See also *ibid.* at para. 66.

However, if we recognize that public interest resides at the heart of copyright law, fair dealing occupies a comfortable position in a larger picture; it protects the public interest and thereby furthers copyright's goals. This implies that it is not merely an exception to copyright:⁵⁸ it does not derogate from copyright norms but confirms them. Reconceiving fair dealing in this way creates room for a more expansive defence, which in turn allows the copyright system to advance the public interest and not simply guard the rights-bearing author against every unauthorized use.

2) Exemplifying the Connection

Prior to *CCH*, courts would apply fair dealing by invoking a sense of right or wrong, but would not examine "the degree to which the copyrighted work contributes to the underlying goals of copyright."⁵⁹ However, even in the absence of an explicit connection between fair dealing and copyright policy, one can detect a clear correspondence between owner-oriented justifications of copyright law and plaintiff-friendly interpretations of fair dealing. In other words, that sense of right or wrong was informed by a commitment to the primacy of the author's right.

a) Comparing *Michélin* and *Campbell*

By way of example, let us return briefly to the *Michélin* decision. In *obiter*, Justice Teitelbaum had cause to define what he considered to be the objectives of copyright law as "[t]he protection of authors and ensuring that they are recompensed for their creative energies and works"⁶⁰ With the goal of copyright being to "protect the interests of authors and copyright holders,"⁶¹ and no mention being made of users or the public at large, it is easy to understand why the court had so little inclination to apply fair dealing generously. This version of copyright theory is typified and compounded by the characterization of copyright as a private property right like any other.⁶² The combined result is a copyright holder cast as a worthy

58 See *ibid.* at para. 48: "[T]he fair dealing exception is perhaps more properly understood as an integral part of the *Copyright Act* than simply a defence."

59 Fewer, above note 30 at para. 62.

60 Above note 36 at para. 115.

61 *Ibid.* at para. 111.

62 See *ibid.* at para. 103: "[J]ust because the [copy]right is intangible, it should not be any less worthy of protection as a full property right"; and also: "The fact that the Plaintiff's copyright is registered by a state-formulated system under the aegis of the *Copyright Act* in no way diminishes the private nature of the right" (*ibid.* at para. 96).

property owner; a *Copyright Act* rationalized as protection for copyright owners; and a defendant trade union cast as unlawful trespasser. Viewed against this backdrop, a successful fair dealing defence would seem to privilege the wrongful party and undermine the owner-oriented objectives of the Act: hence the extremely limited interpretation it receives.

Compare this to the policy framework employed in the US case of *Campbell v. Acuff-Rose Music, Inc.*,⁶³ in which a rap parody of the Roy Orbison classic, “Pretty Woman,” was held to be fair use. The reasoning of the US Supreme Court flowed from its initial definition of copyright’s purpose as the promotion of “the Progress of Science and useful Arts.”⁶⁴ It recognized as inherent to this purpose a tension between protecting copyrighted materials and allowing others to build upon them.⁶⁵ Against this background, the purpose and importance of the fair use doctrine was clear: “[it] permits and requires courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster.”⁶⁶ From this perspective, the defendant who benefits from fair use is not a lucky trespasser but a deserving creator in his own right, and one whose creative activities further the purposes for which copyright exists: hence the Court’s generous consideration of fair use.⁶⁷

b) The CCH Case

Similarly, the divergent justifications offered for copyright can explain why the Trial Division and the Supreme Court reached opposite conclusions in *CCH*. At the Trial Division, where a restrictive interpretation of “research” ruled out fair dealing, the court described the object and purpose of the *Copyright Act* as follows:

63 Above note 1.

64 *Ibid.* at 575, citing U.S. Const., art I, § 8, cl. 8.

65 *Ibid.* Souter J. cites in support, *Carey v. Kearsley*, 4 Esp. 168 at 170, in which Lord Ellenborough famously said: “while I shall think myself bound to secure every man in the enjoyment of his copyright, one must not put manacles upon science.”

66 Above note 1 at 577.

67 The transformative value of the defendant’s work, the social benefit of humorous criticism, the need to conjure up the original work, and the limited market consequences of the use were all identified as reasons to permit this use. All of these aspects were present in the *Michélin* parody, but without embracing the public policy purposes of copyright beyond the owner’s interests, the Court was unable to appreciate their significance.

To benefit authors, albeit that in benefiting authors, it is capable of having a substantially broader-based public benefit through the encouragement of disclosure of works for the advancement of learning or, as in this case, the wider dissemination of law.⁶⁸

It is implicit in this statement that any benefit enjoyed by the public as a result of protecting copyright is no more than an incidental by-product of the private right. This was consistent with the position of the Supreme Court in the earlier case of *Bishop v. Stevens*: “the *Copyright Act* ... was passed with a single object, namely, the benefit of authors of all kinds”⁶⁹ Justice Gibson’s restrictive interpretation of fair dealing thus corresponds to the identification of the sole intended beneficiary of the copyright system as the rights-bearing author.

In contrast, the Court of Appeal began its analysis with the assertion that “the purposes of Canadian copyright law are to benefit authors by granting them a monopoly for a limited time, and to simultaneously encourage the disclosure of works for the benefit of society at large”⁷⁰ This was in line with the Supreme Court’s recent ruling in *Théberge v. Galerie D’Art du Petit Champlain Inc.*,⁷¹ which presented copyright’s purpose as “a balance between promoting the public interest in the encouragement and dissemination of works of the arts and intellect and obtaining a just reward for the creator.”⁷² The *Théberge* decision represented a crucial shift by the Supreme Court away from its earlier author-orientation in *Bishop* and towards the idea of copyright as a balance between authors’ interests and the public interest. In *CCH*, the Court of Appeal’s more expansive interpretation of fair dealing thus corresponds to the recognition of the public interest as central to copyright policy.

The resurrection of public interest played a similarly pivotal role in the Supreme Court’s *CCH* ruling. Affirming its position in *Théberge*, the Court’s

68 *CCH*, above note 43 at para. 116.

69 [1990] 2 S.C.R. 467 at 478–79, <www.lexum.umontreal.ca/csc-scc/en/pub/1990/vol2/texte/1990scr2_0467.txt>, 72 D.L.R. (4th) 97, McLachlin J. (as she then was) [*Bishop* cited to S.C.R.]. Quoting Maugham J., in *Performing Right Society, Ltd. v. Hammond’s Bradford Brewery Co.*, [1934] 1 Ch. 121, at 127. It is of note that the Supreme Court in *Bishop v. Stevens* interpreted exceptions to copyright restrictively in light of this single object and purpose. See below note 84.

70 *CCH* (FCA.), above note 4 at para. 23 [emphasis added].

71 *Théberge*, above note 6.

72 Justice Binnie went on to note that “[t]he proper balance among these and other public policy objectives lies not only in recognizing the creator’s rights but in giving due weight to their limited nature.” *Ibid.* at paras. 30–31.

analysis built upon the notion of a copyright balance.⁷³ Its refusal to interpret the fair dealing purposes restrictively was declared necessary “[i]n order to maintain the proper balance between the rights of a copyright owner and users’ interests,”⁷⁴ and “to ensure that users’ rights are not unduly constrained.”⁷⁵ The Court’s focus upon the user of copyrighted material is thus a facet of its new concern with the public purposes of the *Copyright Act*.

The disparity between the rulings in *Michélin* and *Acuff-Rose*, and the trial and appellate rulings in *CCH*, underscores the connection between competing justifications for the copyright system and competing approaches to the fair dealing exceptions. An owner-oriented rationalization of the copyright system goes hand in hand with a restrictive construction of defences to copyright infringement, while a public policy-oriented approach that embraces the public interest will support more expansive exceptions. The Supreme Court has held that there is no justification in law or policy for a preoccupation with the rights of the copyright holder to the detriment of the public. It would seem to follow that the author-public balance underlying the Act — and, one would hope, the reform process — is threatened by the restrictive version of fair dealing crystallized in the narrowly drafted fair dealing provisions of the *Act*.

D. THE CHANGING FACE OF FAIR DEALING IN CANADA

The inclusion of the public as a primary beneficiary of the copyright system, and the broad reading of fair dealing that this entails, reflects an evolving role for users in copyright policy. Perhaps the most striking manifestation of this evolution is the Supreme Court’s adoption of the concept of “users’ rights.”⁷⁶ The copyright holder’s interest in excluding others from its work has always benefited from the label of “right”; consequently, when owners’ rights have appeared to conflict with users’ interests, the former have tended to prevail. Now that the abstract concept of public interest has been concretized in the form of users’ *rights*, its fate is not so bleak. When competing rights clash, the owner’s copyright can no longer act as trump.

73 “[T]he purpose of copyright law was to balance the public interest in promoting the encouragement and dissemination of works of the arts and intellect and obtaining a just reward for the creator.” *CCH (SCC)* above note 4 at para. 23.

74 *Ibid.* at para. 48.

75 *Ibid.* at para. 51.

76 *CCH (FCA)*, above note 4 at para. 126, citing *Vaver*, above note 47 at 171; *CCH (SCC)*, above note 4 at para. 12.

1) The Lure and Limits of Users' Rights

The term “users’ rights” is important primarily because it creates the potential for conflicts between owners and users to be fought on equal footing,⁷⁷ and lends legitimacy to the demands of users who have typically been characterized as opportunists, free riders, and scoundrels.⁷⁸ Users claiming the freedom to deal fairly with copyrighted works can now be seen to be demanding recognition of their own rights, and not simply seeking to violate or limit the rights of others. Furthermore, it is no longer defensible to equate fair dealing with “fair stealing”;⁷⁹ it is not stealing to use a thing one has the right to use. The hope is that the concept of users’ rights will pave the way to a more balanced approach to fair dealing by ensuring that the focus is not solely on the rights that the copyright owner is prevented from enjoying.

It may appear, then, that the recognition of users’ “rights” has the capacity to radically redress the imbalance that we have seen in Canadian courts’ consideration of copyright defences. Indeed, the fair dealing decisions at the Court of Appeal and Supreme Court in *CCH* — particularly when contrasted against the Trial Division ruling — may be thought to illustrate the strength of the users’ rights concept. However, while it is possible that the rights-based language could be harnessed and employed to expand protection for certain uses, there is no reason why it should be capable of accomplishing such a dramatic turnabout in Canadian copyright jurisprudence. Even if the owner has lost his trump card, clashing rights still require resolution, and there is nothing about the label of “right” alone that determines the result.

The simple proposition that fair dealing is a user’s right does not demand that the scope of fair dealing be widened. If a user’s activity does not fit within the limits of the fair dealing defence, as it is currently defined by the Act, then the user simply has no right to use. A court that is not inclined to recognize a user’s right need only hold that the use does not meet all three of the hurdles established by our fair dealing provisions,

77 “When reading *CCH*, one is drawn to the conclusion that the court weighted the authors’ exclusive rights and the users’ ‘right’ to use the works on level plates of the proverbial scale.” Daniel J. Gervais, “Canadian Copyright Law Post-*CCH*,” (2004) 18 I.P.J. 131 at p. 156.

78 See for example *Michélin*, above note 36 at para. 75: “To accept the Defendants’ submissions on parody [as fair dealing] would be akin to making the parody label the last refuge of the scoundrel”

79 See for example Jeremy Phillips, “Fair Stealing and the Teddy Bears’ Picnic” (1999) 10 Ent. L. Rev. 57 at 57: “To copyright owners, the defence of fair dealing is a legitimization of that which is inherently wrong, a sort of ‘fair stealing.’”

and the whole concept of users' rights is moot. The user only has a right to deal fairly within the present confines of the Act.⁸⁰

Claims to right, whether by owners or users, have a tendency to obfuscate the real issues underlying policy debates. We cannot simply rely upon the language of users' rights to further users' interests; if we want to achieve substantive change, we will have to embrace the *spirit* of users' rights and then reconsider the scope of the fair dealing definition in light of the public interest that it reflects. The argument must be made that the spirit of users' rights is undermined by a fair dealing definition restricted to specific purposes and subject to additional limitations. After all, it is the definition of fair dealing that will determine if the user is exercising a right or infringing one.

2) Fair Dealing and the Limits of CCH

Canadian jurisprudence reveals three distinct but related factors that have contributed to the limited reach of fair dealing in Canada: the rigidity of the fair dealing provisions in the *Copyright Act*; the judicial tendency to interpret these provisions restrictively; and the courts' general pre-occupation with the rights of the copyright holder. In the wake of *CCH*, courts are called upon to give fair dealing a large and liberal interpretation, and to accord equal consideration to the rights of the user. Only the narrowly constructed fair dealing provisions remain an obstacle to the Supreme Court's vision of fair dealing as an integral part of the copyright system, and as a means by which to further that system's goals.

a) Narrow Provisions; Narrow Interpretations

Generally, narrow approaches to copyright defences are found in jurisdictions where fair dealing provisions are narrowly drawn. We need only look to the history of fair dealing in Canada for evidence of this connection, but a glance at the British or Australian jurisprudence supports the same conclusion.⁸¹ Indeed, the link between narrowly drafted provisions

80 As Gervais explains, above note 77 at 156: "The Court posits the existence of a conflict, as it were, between the author's exclusive right and the user's 'right,' and concludes that Parliament decided on public policy grounds to halt authors' rights at the wall of fair dealing. It bears emphasis that all fair dealing exceptions are purpose-driven (private study, research, criticism, review, and news reporting), not specific to a class of users." Users' rights only exist within the wall erected around the narrow confines of the fair dealing provisions.

81 British and Australian cases provide evidence of a similarly narrow approach in the context of similarly narrow provisions. See *Copyright, Designs and Patents*

and their narrow interpretation seems rather intuitive, based as it is upon simple statutory interpretation: the more numerous and specific the exceptions are, the less likely it seems that Parliament intended their broad application or their extension to unspecified activities.⁸²

In *CCH*, the Supreme Court emphasized the need for a broad interpretation of fair dealing if it is to fulfil its role in the furtherance of copyright policy, but there is a tension inherent in giving a broad interpretation to the fair dealing defence when the provisions themselves are so narrowly drawn. The US fair use provision was evidently drafted to be broad, flexible, and open to interpretation on a case-by-case basis, thereby establishing an active role for courts in shaping copyright law in the face of new challenges. Exhaustive fair dealing provisions, in contrast, lend themselves more readily to strict application of statutory provisions, and result in a judicial tendency to look to Parliament for explicit guidance whenever new challenges arise.⁸³ Whereas the US concept of fair use encourages courts to engage in a policy-driven balancing act between the competing interests at stake, the Canadian provision discourages purposive interpretation. The onus remains upon Parliament to continuously develop new exceptions in the face of new challenges; the role of the courts is still to assess whether the case at hand meets the specific demands of the fair dealing defence (whether or not the particular use furthers the goals of copyright).

Act 1988 (U.K.), c. 48, ss. 29–30 <www.opsi.gov.uk/acts/acts1988/Ukpga_19880048_en_1.htm>; *Australian Copyright Act 1968 (Cth.)*, ss. 40–42 <<http://scaleplus.law.gov.au/html/pasteact/o/244/o/PA000570.htm>>. See also for example *Hyde Park Residence Ltd v. Yelland*, [2001] Ch. 143, [2000] E.C.D.R. 275; *Newspaper Licensing Agency Ltd v. Marks and Spencer plc*, [2001] Ch. 257 (CA), [2000] All E.R. 239; *Ashdown v. Telegraph Group Ltd*, [2002] QB 546; *de Garis v. Neville Jeffress Pidler Pty. Ltd.* (1991), 20 I.P.R. 605; *Nine Network Australia Pty Ltd v. Australian Broadcasting Corporation* (1999), 48 IPR 333; *TCN Channel Nine Pty Ltd v. Network Ten Pty Ltd* (2002), 118 FCR 417.

82 Justice McLachlin (as she then was) once stated: “an implied exception ... is all the more unlikely ... in light of the detailed and explicit exceptions in [the Act] providing for matters as diverse as private study, research or critical review, educational use, disclosure of information pursuant to various Federal Acts, and performance of musical works without motive or gain at an agricultural fair.” *Bishop*, above note 69 at 480–81. Justice Teitelbaum in *Michélin* cited this statement in support of his decision to exclude parody from the scope of fair dealing. Above 36 at 381.

83 See *Michélin*, above 36 at 381, where it was said that a broad reading of “criticism” would be “creating a new exception to the copyright infringement, a step that only Parliament would have the jurisdiction to do.”

b) The Limits of a Large and Liberal Reading

While *CCH* represents a dramatic step forward for fair dealing in Canada, the wording of the Act dilutes its potential impact. Lower courts reluctant to welcome the new role for fair dealing and the limits it places upon owners' rights will continue to have an easy route by which to refuse the defence. Even courts that embrace the notion of a copyright balance, interpret the provisions broadly, and determine fairness even-handedly, might find themselves unable to accept the defence because of the language of the Act. No matter how large and liberal the interpretation of a defendant's purposes, not all fair dealings will be subsumable into the specified purposes: there is a limit to how far a "users' rights" approach can stretch the finite meanings of words like research, study, criticism, and review.

Even after *CCH*, it seems likely that American fair use can embrace uses that simply will not fit within the confines of sections 29, 29.1, and 29.2, particularly in the context of new technologies. Take, for example, the activity of "time-shifting," where protected materials are recorded for the purpose of enjoying them at a later time. The US Supreme Court has held that the private use of video recorders to time-shift content for later viewing is a lawful fair use of copyrighted works.⁸⁴ It seems likely that a similar conclusion would be reached in the context of "space-shifting," where protected materials are recorded onto a different device or in an alternative format.⁸⁵ In Canada, it has been held that "as interesting as the time-shifting concept may be, this does not seem to be a realistic exception to the clear language contained in our legislation."⁸⁶ Space-shifting, outside of the private copying exemption,⁸⁷ would seem destined for the same fate.

84 *Sony Corporation v. Universal City Studios*, 464 USC 417.

85 See *RIAA v. Diamond Multimedia*, 180 F. 3d 1072, 9th Circ. 1999 at 1079: "Rio [a portable MP3 player] merely makes copies in order to render portable, or 'space-shift,' those files that already reside on a user's hard drive. Such copying is a paradigmatic noncommercial personal use."

86 *Tom Hopkins International Inc. v. Wall & Redekop Realty Ltd.* (1984), 1 C.P.R. (3d) 348 at 352–53. The issue of time- and space-shifting appears to have been an important consideration in the Issue Paper recently released by the Commonwealth Attorneys-General Department of Australia, "Fair Use and Other Copyright Exceptions: An Examination of Fair Use, Fair Dealing, and other Exceptions in the Digital Age" May 2005, <www.ag.gov.au/agd/WWW/agdhome.nsf/o/E63BC2D5203F2D29CA256FF8001584D7?OpenDocument>

87 See *Copyright Act*, above note 7, s. 80(1), which creates an exception to infringement for the audio-recording of musical works made for private use, subject to certain limitations.

Sunny Handa has suggested that simply browsing the Internet may also fail to meet the hurdles of Canadian fair dealing because casual Internet users are unlikely to be engaged in private study, research, criticism, review, or news reporting.⁸⁸ Canadian courts concerned about the implications of finding fair dealing in an electronic context might be tempted to conclude that “if the legislature had meant to exempt browsing under fair dealing it would have done so explicitly.”⁸⁹ Meanwhile, fair browsing could easily fall within the America’s fair use defence.⁹⁰ Handa also doubts the ability of Canadian fair dealing to extend to the reverse engineering of computer programs.⁹¹ While some such uses may qualify as research or private study, courts faced with reverse engineering (especially for competitive purposes) are more likely to reason that “if reverse engineering was to be permitted under fair dealing, it would have been specifically included as one of the listed purposes.”⁹² Meanwhile, reverse engineering, if done fairly, is permissible under the American fair use doctrine.⁹³

Time-shifting, space-shifting, Internet browsing, and reverse engineering are only a few examples of areas where new technologies are upsetting copyright’s delicate balancing act. There are many other examples — making RAM copies, caching content, deep-linking, to name a few — that will continue to present challenges for copyright law, while new examples will undoubtedly emerge as digital technologies evolve. Where such uses fail to fit within traditional categories of research, study, criticism, review, or news reporting, they are beyond the reach of Canada’s fair dealing defence. The power to achieve the appropriate balance between owners’ and users’ rights in this modern digital environment is therefore beyond the reach of Canada’s courts.

Even in the context of traditional mediums, it is important to note that Canada’s rigid fair dealing provisions have the potential to obstruct copyright’s purposes. Rather than struggling to fit uses within restrictive

88 **Sunny Handa**, *Copyright Law in Canada* (Markham, ON: Butterworths, 2002) at 294.

89 *Ibid.*

90 *See Religious Technology Center v. Netcom On-Line Communication Services, Inc.*, 907 F. Supp. 1361 (N.D. Cal. 1995).

91 **Handa**, above note 88 at 297–98. This process involves starting with a finished program and working backwards from the object code to find the assembly language used by the programmer. *See also* Sunny Handa, “Reverse Engineering of Computer Programs under Canadian Copyright Law” (1995) 40 McGill L.J. 621.

92 **Handa**, above note 88 at 297.

93 *See Sega Enterprises Ltd. v. Accolade Inc.*, 24 U.S.P.Q.2d 1561, 977 F.2d 1510 (9th Cir. 1992); *Atari Games Corp. v. Nintendo of America Inc.*, 975 F.2d 832 (Fed. Cir. 1992).

categories, the central concern of any fair dealing inquiry should be “to see ... whether the new work merely ‘supersede[s] the objects’ of the original creation ... or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message.”⁹⁴ Copyright law, with the help of fair dealing, should aim to encourage the creation of new expressions, meanings, and messages, even if this sometimes means permitting the use of protected expression.⁹⁵

It is in the nature of expression and cultural development that the new builds upon the old.⁹⁶ In this postmodern age, where appropriation, adaptation, and reinterpretation of existing texts is an established mode of cultural meaning-making (and the notion of true creation *ex nihilo* is generally dismissed as a relic of the romantic age) downstream uses of protected works might also reflect the kind of authorial creativity that copyright should encourage. Appropriation art, digital sampling, and other such creative uses of prior works, further the public purposes of copyright but likely fall outside the limited purposes of fair dealing. This only underscores the inherent weakness of a purpose-specific fair dealing defence tasked with preserving the appropriate balance between owners and users.⁹⁷

Finally, we should recall that in addition to requiring an enumerated purpose, the Act currently requires an acknowledgement of source. In the absence of sufficient acknowledgement, fair dealing for the purposes of criticism, review, or news reporting cannot benefit from the fair dealing defence, no matter how fair, how necessary, or how integral to copyright’s purposes. This final hurdle restricts the power of fair dealing to perform the role given to it by the Supreme Court in *CCH*. If the *Michélin* case were

94 Justice Souter in *Campbell v. Acuff-Rose*, above note 1 at 579.

95 As Justice Binnie wrote in *Théberge*, above note 6 at para. 32: “[E]xcessive control by holders of copyrights and other forms of intellectual property may unduly limit the ability of the public domain to incorporate and embellish creative innovation in the long-term interests of society as a whole, or create practical obstacles to proper utilization. This is reflected in the exceptions to copyright infringement enumerated in ss. 29 to 32.2, which seek to protect the public domain in traditional ways such as fair dealing.”

96 Alan L. Durham, “Copyright and Information Theory: Toward an Alternative Model of Authorship” (2004) B.Y.U.L. Rev. 69 at 94.

97 Notably, such uses have not always received a favourable outcome even in the US. See for example *Rogers v. Koons*, 960 F.2d 301 (2d Cir), cert denied 113 S. Ct. 365 (1992), in which a surrealist sculpture based upon a protected photograph was held not to be a fair use. See also the recent case of *Bridgeport Music Inc. v. Dimension Films*, in which the digital sampling of three notes was held to be infringing, <<http://fsnews.findlaw.com/cases/6th/04ao297p.html>>.

to be decided today, a court applying the lessons of *CCH* might find that the dealing is indeed “criticism” that satisfies the standard of fairness, but in the absence of an explicit acknowledgement of source, it might nonetheless reject a fair dealing defence. Again, this suggests a disconnect between the conception of fair dealing as integral to copyright’s purposes, and the fair dealing provisions as they currently exist in the *Copyright Act*.

3) Fair Dealing Reform: Realizing the Promise of *CCH*

The narrowly-drafted fair dealing provisions in the Act thus present a challenging interpretative task for Canadian courts. Not only are these provisions an obstacle and a limit to the evolution of fair dealing in Canadian copyright law and policy, but they encapsulate a vision of fair dealing — and an understanding of the purposes of copyright law — that is no longer justifiable: fair dealing should not be narrowly defined if it is not a marginal exception to the general norms of copyright; and it should not privilege the owner over the user if copyright is equally concerned with the rights of both. In light of the balance articulated in *CCH*, we need “to expand the scope of fair dealing to ensure that it does not exclude activities that are socially beneficial and that cause little prejudice to rights holders’ ability to exploit their works”⁹⁸

The only way to ensure that socially beneficial uses are not excluded is to adopt an open-ended fair dealing provision based upon the US fair use model. In the words of Britain’s Whitford Committee: “Any sort of work is likely to be of public interest, and the freedom to comment, criticize, to discuss and to debate, ought not, in principle, to be restricted to particular forms (‘criticism or review’ or ‘reporting current event’).”⁹⁹ A flexible fair use model permits courts to address new challenges in a principled manner, guided by the policy concerns underlying the law. A purpose-specific model guarantees that Parliament is always playing catch-up, with socially beneficial uses stifled along the way.

The revised fair dealing provision should list the current purposes enumerated in the Act by way of definition, but should not restrict its application to those purposes exclusively. It should also provide a non-exhaustive list of factors to be considered in determining the fairness of a use, incorporating the factors set out by the Court of Appeal and endorsed by the Supreme Court in *CCH*. The current acknowledgement requirement

98 Above note 24.

99 *Whitford Report*, above note 27 at para. 676.

should either be removed or relegated to a consideration in fairness determinations; there is no place for such mechanical rules in a flexible fair use model. The goal must be to achieve, through statutory revision, a fair dealing defence that is capable of principled application, guided by the purposes that underlie the copyright system, and responsive to the ever-changing nature of cultural creativity and exchange in the (post)modern, digital environment.

E. CONCLUSION

The Supreme Court in *CCH* established a vision of fair dealing that differed from anything previously seen in the Canadian courts. As the case progressed from Trial Division to the highest court in the land, fair dealing was transformed from a limited exception to an integral part of the copyright system; from a controversial privilege to a recognized right; from an anomaly in an owner-oriented system to an instantiation of the public-owner balance. Now is the perfect time for the legislature to acknowledge and preserve this transformation.

The Government was right to insist upon more time to consider the implications of the *CCH* ruling on fair dealing before endorsing the suggestions of the Standing Committee on Canadian Heritage.¹⁰⁰ Rather than enacting more piecemeal amendments to the rigid provisions of the Act — thereby temporarily satisfying the demands of specific interest groups, but guaranteeing that further demands ensue and wide dissatisfaction persists — the Canadian government should seize this opportunity for change. Taking its lead from the Supreme Court, it should acknowledge the centrality of fair dealing in Canadian copyright policy, and the need for a broad defence to ensure that users' interests are not undermined. This should translate into a proposal for an open-ended fair dealing defence, amenable to principled and purposive interpretation, and flexible enough to withstand the test of time. In an era of rapid technological development, in the wake of a strong ruling from the Supreme Court of Canada, and in the midst of an expansive reform process, there could be no better time for change.

100 See *Government Statement on Proposals for Copyright Reform*, above note 23: "The Government believes that it requires further public input and consideration, including with respect to the implications of recent copyright decisions by the courts (notably the recent Supreme Court of Canada decision regarding fair dealing, *CCH v. Law Society of Upper Canada*)."

Taking User Rights Seriously

Abraham Drassinower*

A. INTRODUCTION

The recent Supreme Court of Canada decision, *CCH Canadian Limited v. Law Society of Upper Canada*,¹ is rightly and widely regarded as bringing forth a truly fundamental shift in the way Canadian copyright law is to be understood and practiced.² Not least among the reasons the decision is of such importance is its affirmation of “user rights” as a concept integral to

* I would like to thank Chris Essert, Richard Owens, Alexander Stack, Arnold Weinrib, Ernest Weinrib, and Agustin Waisman for helpful discussions during the composition of this paper. I would also like to thank the Centre for Innovation Law and Policy at the University of Toronto Faculty of Law and the Social Sciences and Humanities Research Council of Canada for support in the completion of the paper.

1 *CCH Canadian Limited v. Law Society of Upper Canada*, 2004 SCC 13, <www.lexum.umontreal.ca/csc-scc/en/pub/2004/vol1/html/2004scr1_0339.html>, [2004] 1 S.C.R. 339 [*CCH* cited to S.C.R.].

2 See Daniel J. Gervais, “Canadian copyright law post-*CCH*” (2004) 18 IPJ 131, <www.commonlaw.uottawa.ca/faculty/prof/dgervais/Westlaw_Document_15_08_57_2800.pdf>; Matthew Rimmer, “Canadian Rhapsody: Copyright Law and Research Libraries” (2004) 35 AARL 193; Teresa Scassa, “Recalibrating Copyright Law? A Comment on the Supreme Court of Canada’s Decision in *CCH Canadian Ltd. v. Law Society of Upper Canada*” (2004) 3 CJLT 89; Barry B. Sookman, “*CCH*: A Seminal Canadian Case on Originality and the Fair Dealing Defence” (2004) 18 BNA WIPR 08, <http://mccarthy.ca/pubs/publication.asp?pub_code=1592>; Michael Geist, “Low-Tech Case Has High-Tech Impact”

copyright law. In the Court's eyes, user rights are as central to copyright law as author rights. *CCH* thus affirms the irreducible centrality of the public domain in Canadian copyright jurisprudence.

Informed legal change is unthinkable in the absence of normative vision. With that in mind, this paper provides an understanding of the centrality of the public domain in Canadian copyright jurisprudence. The paper develops this understanding along four distinct yet related axes. First, I will discuss the role of the public domain in the very formation of the author's right by way of the "originality" requirement. Second, I will examine the role of the public domain in the limitation of the scope of the author's right by way of the "fair dealing" defence, regarded by some as the user right *par excellence*.³ Third, I will sketch the ways in which the concept of user rights catalyzes a deepening of our conception of the wrong at stake in copyright law — that is, of the mischief that the *Copyright Act*⁴ targets. This understanding supports a view of the legitimacy of incidental reproductions in the course of Internet "browsing" as a user right. And fourth, by way of conclusion I will briefly describe a vision of the purpose of copyright law in which the centrality of user rights is absolutely non-negotiable.

B. ORIGINALITY: AUTHORS AS USERS

In *CCH*, the Supreme Court sets out to settle the meaning of originality in Canadian copyright law. Faced with a battle between two opposing originality schools, the "sweat of the brow" and the "creativity" schools,⁵ the Court refuses to take sides in the debate. It posits, rather, a third standpoint, for which the requirement of originality is one of "skill and judgment." The Court formulates its refusal to side with either school in terms of the stated purpose of copyright law as a "balance" between promoting the public interest and obtaining a just reward for the creator. Thus, while the sweat of the brow school fails to meet with the Court's approval because it is seen as supporting too author-centred a standard, the creativ-

Law Bytes Toronto Star, 22 March 2004, <www.lawbytes.com/resc/html_bkup/mar222004.html>.

3 See Gervais, above note 2 at 155.

4 *Copyright Act*, R.S.C. 1985, c. C-42, <<http://laws.justice.gc.ca/en/C-42/>>.

5 On the struggle between the sweat of the brow and creativity schools, see Abraham Drassinower, "Sweat of the Brow, Creativity, and Authorship: On Originality in Canadian Copyright Law" (2004) 1 UOLTJ 105, <http://web5.uottawa.ca/techlaw/resc/UOLTJ_1.1&2.doc%205%28Drassinower%29.pdf> [Drassinower, "On Originality"].

ity school fails because its standard is regarded as too public-centred. The Court's own "skill and judgment" standard is presented as "workable yet fair," an in-between truly attuned to the dual purpose animating copyright law as a whole.⁶

While important ambiguities regarding the difference between the Court's skill and judgment standard and the creativity standard have been noted,⁷ few would doubt that *CCH* represents an unambiguous rejection of the sweat of the brow standard, a standard many regard as the traditional Anglo-Canadian standard.⁸ This rejection of the traditional approach to originality is a key element of the judgment's status as a landmark affirmation of the pervasive role of the public domain in copyright law.

There is no need to permit enthusiasm about the judgment, however, to obscure an appreciation of the fact that the traditional approach to originality was itself by no means altogether unsympathetic to the public domain. The classic case of *University of London Press v. University Tutorial Press*,⁹ for example, defines originality in the following, oft-quoted passage:

The word "original" does not in this connection mean that the work must be the expression of original or inventive thought. Copyright Acts are not concerned with the originality of ideas, but with the expression of thought, and, in the case of "literary work," with the expression of thought in print or writing. The originality which is required relates to the expression of the thought. But the Act does not require that the expression must be in an original or novel form, but that the work must not be copied from another work — that it should originate from the author.¹⁰

Originality is literally a matter of origination, of source. That is why originality has nothing to do with novelty or uniqueness. The question at the heart of every originality case is not "is this new or unique?" Rather, the question is, "where did this come from" or, "did this come from or originate from the author?" If the answer to this question is yes, originality exists, even if the work in question happens to be identical to a previously

6 *CCH*, above note 1 at para. 24.

7 See Drassinower, "On Originality," above note 5 at 123; Gervais, above note 2, at 7; Scassa, above note 2 at 91.

8 See, for example, Norman Siebrasse, "Copyright in Facts and Information: *Feist* is Not, and Should Not Be the Law in Canada" (1994) 1 CIPR 191.

9 *University of London Press v. University Tutorial Press*, [1916] 2 Ch. D. 601 [*University of London*].

10 *Ibid.* at 608–9.

existing work. It is entirely possible to be original for copyright purposes and at the same time be identical to some pre-existing work.¹¹ This is because, as *University of London Press* teaches, originality is not about the work's relation to other works but about the relation between author and work. What a plaintiff has to show is not that her work is new or unique but that she herself came up with it, that she did not copy it from another work.

This rejection of novelty as the appropriate standard contains an oft-neglected lesson about copyright law. Although copyright law tells us that the author cannot *copy* from other works, copyright law also tells us that the author can nonetheless *draw* from other works. She draws inspiration from other works, finds herself stimulated and encouraged by them, derives nourishment, as it were, from their substance, uses them as starting-points, or perhaps even tries and succeeds in re-expressing in her own words the very same thoughts she finds in the works of others.¹² The absence of a novelty requirement means that none of those activities preclude the author's originality for copyright purposes. What matters is not that the author says something new, but that she says it in her own voice. Thus, for example, in *University of London Press*, drawing from the common stock of knowledge available to mathematicians did not preclude the originality of the examination papers composed by Professor Lodge and Mr. Jackson.¹³

11 This is known as the defence of independent creation. Consider the famous dictum of Justice Learned Hand in *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49 (2d Cir, 1936) at 54: "if by some magic a man who had never known it were to compose anew Keats's Ode on a Grecian Urn, he would be an "author," and, if he copyrighted it, others might not copy that poem, though they might of course copy Keats's." See also David Vaver, *Copyright Law* (Toronto: Irwin Law, 2000) at 57–58.

12 This possibility of re-expressing thoughts drawn from another's work in one's own words illustrates the idea/expression dichotomy, which provides that copyright protects expressions but not ideas, the form in which thought is expressed but not the substance of the thought itself. For discussion, see Abraham Drassinower, "A Rights-Based View of the Idea/Expression Dichotomy in Copyright Law" (2003) 16 Can. J. L. & Jur. 1 [Drassinower, "A Rights-Based View"].

13 *University of London*, above note 9 at 609. In *University of London*, the originality of entrance examinations composed by Professor Lodge and Mr. Jackson was in issue. The Court stated, *inter alia*, that the fact that the authors "drew upon the stock of knowledge known to mathematicians" by no means precluded a finding of originality. "Professor Lodge and Mr. Jackson proved that they had thought out the questions which they set, and that they made notes or memoranda for future questions and drew on those notes for the purposes of the questions

We can and should infer from this that the law of copyright does not conceive of the author as someone who comes up with something radically new out of nothing. The standard is not a creation *ex-nihilo* standard. On the contrary, the author can and does draw from the works of others. She uses pre-existing works as her own material. The author is not isolated from the world in which she lives and from which she draws her intellectual nourishment. Copyright law sees the author as constantly engaged in a dialogue with that world in general, and indeed with other works that populate that world. It understands authors as embedded in a culture that nourishes and influences them, yet from which they derive their own voice. Originality is not a prohibition on copying *per se* — it is more accurately grasped as a distinction between permissible and impermissible copying, between drawing from and copying from, between saying things in one's own words and merely repeating the words of another.

Once we appreciate the originality requirement in this light and see the author not only as producer or creator but simultaneously as user of other pre-existing materials, as architect rather than manufacturer, then we may grasp another important lesson about copyright law. The law of copyright is not only a law about the rights of authors, it is also a law about the rights of users. Most grasp this proposition by saying that copyright law is about the “balance” to be struck between the rights of authors and the competing claims of the public interest in the flow of information and ideas, in the ongoing dialogues forming the substance of our knowledge and culture. Yet it is important to add immediately that the balance in question is less about invoking the public interest as a “trump” that deprives the author of rights she may otherwise have, than about trying to appreciate that the author is herself a user, and that therefore the rights of users are not so much exceptions to the author's rights as much as themselves central aspects of copyright law inextricably embedded in authorship itself. Authorship is itself a mode of use. This is why to formulate the requirement of originality, even if in terms of a classic traditional judgment such as *University of London Press* is, inevitably, already to engage the problem of the relation between author and public, creators and users. In this respect, *CCH* is a landmark judgment not because it innovates but because it renders manifest the public's presence inherent in the very formation of the author's right. The invocation of user rights as central to

which they set. The papers which they prepared originated from themselves, and were, within the meaning of the Act, original.”

copyright is also an evocation of the author as user — an affirmation of the intertextuality of creation.

C. FAIR DEALING: USERS AS AUTHORS¹⁴

In *CCH*, the Supreme Court provides an understanding of the fair dealing defence. It is this aspect of the judgment that explicitly formulates the concept of user rights. The following passage illustrates both the letter and the spirit of the Court's position:

Before reviewing the scope of the fair dealing exception under the Copyright Act, it is important to clarify some general considerations about exceptions to copyright infringement. Procedurally, a defendant is required to prove that his or her dealing with a work has been fair; however, the fair dealing exception is perhaps more properly understood as an integral part of the Copyright Act than simply a defence. Any act falling within the fair dealing exception will not be an infringement of copyright. The fair dealing exception, like other exceptions in the Copyright Act, is a user's right. In order to maintain the proper balance between the rights of a copyright owner and users' interests, it must not be interpreted restrictively.¹⁵

To put it otherwise, the defence of fair dealing, which specifies permissible uses of copyrighted works even in the absence of the copyright owner's consent, is to be understood and deployed not negatively, as a mere exception, but rather positively, as a user right integral to copyright law.

The Court's affirmation of the integral status of user rights takes place in and through the familiar vision of copyright law as a balance between "dual objectives": promoting the public interest on the one hand, and obtaining a just reward for the creator on the other.¹⁶ In the Court's view, the traditional approach to fair dealing as a mere exception falls short of the appropriate balance. It upholds the authorial domain at the expense of the public. Thus the vision of copyright law as a dual objective system presides over an integration of user rights intended to restore the lost copyright balance.

14 This section contains paragraphs closely following the text of parts of Abraham Drassinower, "Notes on the Public Domain," in *Intellectual Property Law*, Volume 15 Molengrafica Series, Intersentia Publishers, Antwerpen, (forthcoming 2005).

15 *CCH*, above note 1 at para. 48.

16 *Ibid.*, at para. 10, citing *Théberge v. Galerie d'Art du Petit Champlain inc.*, 2002 SCC 34, <www.lexum.umontreal.ca/csc-scc/en/pub/2002/vol2/html/2002scr2_0336.html>, [2002] 2 S.C.R. 336 at paras. 30–31.

Nonetheless, the bare assertion that copyright law is a dual objective system is not itself sufficient to accomplish the desired task of integration. In the absence of an elucidation of the unifying principle holding author and public together, it is by no means clear that copyright is a “system” at all. The question is how copyright is to be understood as indeed one thing with dual objectives, rather than two things that happen to have been thrown together in the same place for no apparent reason. The elucidation would focus neither on the author nor on the public but on the conditions for the possibility of the “balance” linking them as aspects of a single system. Authorial and public domains — author rights and user rights — would appear thereby as components of a single yet differentiated whole.

It is possible to suggest that the word “integral” in *CCH* means nothing more than that the fair dealing provisions, contrary to much previous Canadian jurisprudence,¹⁷ are to be interpreted liberally and generously. Along these lines, what *CCH* requires is not something as grand and perplexing as a reduction of author and public to a single principle, but rather a pragmatic affirmation of the public dimension of copyright law in the context of a history of neglect. Yet in the absence of the principle that integrates them, author rights and user rights would remain exceptions to each other, not aspects of an integrative and integrated vision. Author and user rights would remain, that is, merely opposing impulses held together by nothing more than the stubborn insistence that they are indeed constitutive parts of a dual objective system curiously devoid of an animating principle.

The oddities of the resulting situation could be described as follows. On the one hand, because it would appeal to considerations external to authorship itself, the defence of fair dealing — and therefore user rights — would remain an exception to the normal operations of copyright law. On the other hand, because fair dealing would at the very same time be posited not as a mere exception but as an irreducible internal dimension of copyright law, the status of user rights as mere exceptions would be intolerable. Thus, in order to affirm and acknowledge the constitutive role of the defence, we would be compelled to assert that author rights should themselves be grasped as an exception to the normal operations of user rights. The inevitable upshot would be that the Supreme Court’s achieve-

17 See, for example, *Compagnie Générale des Établissements Michelin-Michelin & Cie v. National Automobile, Aerospace, Transportation and General Workers Union of Canada (CAW-Canada)*, [1997] 2 F.C. 306, <www.canlii.org/ca/cas/fct/1996/1996fct10133.html> (T.D.) at para. 65 (Fair dealing provisions “should be restrictively interpreted as exceptions.”).

ment in *CCH* would be reduced to the level of staging a raging battle of exceptions in search of an absent rule.

It is therefore difficult to avoid the conclusion that the Court's integrative aspiration turns on the possibility of grasping user rights as an incidence of authorship itself. There is of course no need to regard that conclusion with apprehension, as if it were some kind of surreptitious effort to tame the vindication of the public domain by intertwining its operations with those of authorship itself. On the contrary, the affirmation of the constitutive and limiting role of the public domain proceeds all the more effectively when it constrains authorship internally.

The fair dealing provisions in the Canadian *Copyright Act* permit substantial reproduction that would otherwise be an infringement where the reproduction in question is for the purpose of research, private study, criticism, review, or news reporting.¹⁸ Not all acts of reproduction for these allowable purposes, however, meet the requirements of the defence. The acts of reproduction in question must be for one of the allowable purposes, but they must also be "fair." The threshold determination that the defendant's dealing with the plaintiff's work falls within the statutorily specified purposes gives rise to an inquiry into whether the dealing is fair. This determination of fairness amounts to an examination of several factors pertinent to the dealing, including, as formulated by the Supreme Court in *CCH*, the character of the dealing, the amount of the dealing, alternatives to the dealing, the nature of the plaintiff's work, and the effect of the dealing on the work.¹⁹

Generally speaking, these factors govern a determination of whether the dealing is reasonably necessary for its purpose. The fairness of the dealing is assessed in relation to the purpose used to justify the dealing.²⁰ Thus, for example, the permitted amount of the dealing varies in accordance with the invoked purpose. What is fair for the purposes of research or private study need not be fair for the purposes of criticism or review.²¹ The permitted amount of any given dealing is not in fact a quantitative category. At

18 *Copyright Act*, above note 4, ss. 29 (research or private study), 29.1 (criticism or review), & 29.2 (news reporting).

19 *CCH*, above note 1 at paras. 53–60.

20 *Beloff v. Pressdram Ltd. and another*, [1973] 1 All E.R. 241, [1973] F.S.R. 33 (Ch. D.) at 61 F.S.R. (the "fairness [of the dealing] must be judged in relation to that purpose").

21 *CCH*, above note 1 at para. 56 ("For example, for the purpose of research or private study, it may be essential to copy an entire academic article or an entire judicial decision. However, if a work of literature is copied for the purpose of

stake is not an allowable proportion either of the plaintiff's work (as in how much of the plaintiff's work was reproduced) or of the defendant's work (as in how much of the defendant's work is made up of reproduced material).²² The fair amount is rather a relation between what is reproduced and the purpose of the reproduction. A fair dealing is a dealing reasonably necessary for its purpose. Thus, what transforms an otherwise infringing reproduction into the legitimate exercise of a user right is nothing other than the fit between the reproduction and its (allowable) purpose.

The defence of fair dealing, then, permits the defendant to establish that, in spite of the appearance of infringement as a result of the defendant's act of substantial reproduction, the defendant's work is after all his own, not truly a copy of the plaintiff's. A finding of fair dealing means precisely that the act of substantial reproduction that gives rise to the fair dealing inquiry fails to mature into a finding of infringement. The defence gives the defendant the opportunity to show that his substantial reproduction of the plaintiff's work does not negate his own authorship. Fair dealing stands for the proposition that responding to another's work in one's own does not mean that one's work is any less one's own. Thus the defendant who makes out the fair dealing defence is an author in her own right.²³ It is as author that the defendant is a fair user. This, then, is

criticism, it will not likely be fair to include a full copy of the work in the critique"). See also Vaver, above note 11 at 192.

22 As the court notes, "it may be possible to deal fairly with a whole work." See *CCH*, above note 1 at para. 56.

23 See, for example, Gideon Parchomovsky, "Fair Use, Efficiency and Corrective Justice" (1997) 3 *Legal Theory* 347 at 371 ("only authors, but not copycats, should be entitled to the fair use privilege."). In the American law of fair use, the requirement that the defendant's work be "transformative" calls for the defendant's engagement as an author. See *Campbell v. Acuff-Rose Music*, 510 U.S. 569 (1994) at 579 [*Campbell*] (holding that the fair use analysis asks "whether and to what extent the new work is 'transformative'"). For discussion of the central role of transformativity in fair use, see Melville B. Nimmer & David Nimmer, *Nimmer on Copyright*, (San Francisco and Newark: Matthew Bender & Co., Release 65, December 2004) vol. 4 § 13.05[A][1][b]. Both Scassa and Gervais underline emerging similarities between American fair use and Canadian fair dealing as provided in *CCH*. See Gervais, above note 2 at 159; Scassa, above note 2 at 96. There can be no doubt, of course, that *CCH* concerned *photocopying* and that the defendant institution doing the copying was not itself transforming anything or itself engaged in any of the allowable fair dealing purposes listed in the Canadian *Copyright Act*. Nor can there be any doubt, however, that in *CCH* the Supreme Court of Canada unambiguously held at para. 62 that the Great Library could rely on the purposes of its patrons to prove that its dealings were fair. Thus at para. 64 the Court found that "When the Great Library staff make

the point: fair dealing is a user right rather than a mere exception because it arises from and affirms the very same principle that gives rise to the plaintiff's entitlement. It would indeed be exceptional for the plaintiff to assert her own authorship in a manner inconsistent with the defendant's authorship.

Boldly stated, this means that any other understanding of the concept of user rights debases the Court's integrative aspiration into yet another episode in the battle of exceptions that the Court seeks to stabilize and transcend. It also means that to the extent that fair dealing is predicated on the defendant's own authorship, the fair dealing provisions ought to be amended so as to make it clear that the listed categories (i.e., criticism and review, news reporting, and research and private study) are not exhaustive but rather illustrative of a higher principle of authorship equally applicable to both parties. Indeed, it is that principle that makes intelligible the internal connection between author rights and user rights as aspects of a dual objective system.

The reason fair dealing affirms the free availability of another's expression only where such expression is reasonably necessary to one's own is that the "fairness" in fair dealing operates bilaterally. Fair dealing must be fair to both plaintiff and defendant. Nor could we conceive "fairness" otherwise. This means that fair dealing must impose limitations not only on the plaintiff's copyright but also on the kinds of uses that the defendant can make of the plaintiff's work. Thus the defendant can legitimately use the plaintiff's work only where the purpose of such use engages the defendant's authorship and only to the extent that such purpose reasonably requires. If fair dealing is to be "fair" in the sense of being bilaterally consistent with the authorship of each party, then the allowable purposes must be understood in this twofold manner, as purposes which on the one hand make the plaintiff's work freely available to the defendant, yet on the other specify the conditions that limit that availability. Fair dealing affirms the defendant's user right while preserving the plaintiff's authorial right. This is why the fair dealing purposes allow certain copying but do not thereby legitimate all or any copying. The fairness of the dealing

copies of the requested cases, statutes, excerpts from legal texts and legal commentary, they do so for the purpose of research." Note also that, earlier in its decision, in the course of asserting at para. 51 that research allowable under the fair dealing provision is not limited to "non-commercial or private contexts," the Supreme Court quoted with approval the Court of Appeal's characterization of the research in question as "[r]esearch for the purpose of advising clients, giving opinions, arguing cases, preparing briefs and factums...."

operates as a balanced recognition of the parties' equal claims as authors. It affirms and sustains the higher principle of authorship to which both parties appeal and to which they must both be subject.

The understanding of users as authors that emerges from the analysis of fair dealing is therefore nothing other than the obverse of the equally necessary understanding of authors as users that emerges from the analysis of originality. All authorship is intertwined with the works of others.²⁴ Precisely because his own original work itself presupposes the intertextuality of creation, the plaintiff's right to exclusive reproduction does not include the exclusive right to address or respond to his own work. Fair dealing assures the viability of this creative intertwining by ensuring the free availability of another's expression where it is reasonably necessary to one's own. Originality and fair dealing are radically continuous in that, albeit in different senses, they both manifest an insistence to affirm the intertextuality of creation as the ground from which one's own voice arises and must necessarily arise.

D. "BROWSING": LEGITIMATE NON-AUTHORIAL USE

One might understandably suspect that the construal of fair dealing as a user right predicated on the user's own authorship is not sufficiently wide to capture varieties of use that, even intuitively, appear necessary to a vibrant public domain. To put it otherwise, in what way, if any, could the foregoing account deal with users who are not also authors? It may well be the case that most non-authorial or merely consumptive uses ought to be regarded as infringing. Even so, the question is whether the foregoing account of the principle of authorship can ground the legitimacy of *any* such uses.

The question is of particular interest with respect to the much-touted encounter between copyright law and digital media and technology. The following passage from Jessica Litman's *Digital Copyright*²⁵ encapsulates the issue well:

Today, making digital reproductions is an unavoidable incident of reading, viewing, listening to, learning from, sharing, improving,

²⁴ See, for example, Jessica Litman, "The Public Domain" (1990) 39 Emory LJ 965.

²⁵ Jessica Litman, *Digital Copyright* (Amherst: Prometheus Books, 2001) [Litman, *Digital Copyright*]. For a review of Litman's book, see Jane Ginsburg, "Can Copyright Become User-Friendly? Essay Review of Jessica Litman, *Digital Copyright*" (2001) 25 Columbia JL & The Arts 71, <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=288240>.

and reusing works embodied in digital media. The centrality of copying to use of digital technology is precisely why reproduction is no longer an appropriate way to measure infringement.²⁶

There can be no doubt that it is difficult to remain unmoved by Litman's suggestion that a body of law that, for example, makes Internet "browsing" (which requires the creation of temporary copies) illegal is a body of law that requires radical revision. Moreover, to the extent that such revision would require jettisoning copying or reproduction as the fundamental copyright right, such revision would entail the abolition of copyright as we know it. Litman's thesis is that, in the digital world, the copyright "balance" is no longer adequately served by application of the concept of reproduction. Thus, whatever concept would emerge in its stead could hardly justify using the word *copy-right* to describe the body of law it would organize.²⁷ One might say that Litman's engaging reflection is self-consciously designed to demonstrate that the phrase that serves as its title — i.e., "digital copyright" — is an oxymoron.

As I see it, Litman's point is that copyright is unsuitable to regulate the digital world because the pivotal concept of reproduction cannot on its own terms distinguish between uses incompatible with the copyright balance and uses compatible with such balance. Digital technology ruptures the continuity between copyright theory and copyright doctrine, such that the concept of reproduction no longer adequately separates infringing from non-infringing use. Applied in the digital environment, the right of reproduction grants owners the exclusive right to view their works where such viewing requires — as it does in the case of "browsing" — the making of temporary copies. Thus, to insist on reproduction as the central organizing category of copyright law is to upset the copyright balance so as to grant owners a new and unprecedented control of access to copyrighted works.²⁸ It is as if copyright owners were given the right to charge a fee every time one flips through the pages of a book.

The proposition that the centrality of copying to digital technology requires radical revision of copyright law, however, assumes that, as a strict

26 Litman, *Digital Copyright*, above note 25 at 178.

27 *Ibid.*, at 180.

28 For a different view of the relation between the right of reproduction and the Internet, see Jaap H. Spoor, "The Copyright Approach to Copying on the Internet: (Over)Stretching the Reproduction Right?" in P. Bernt Hugenholtz, ed., *The Future of Copyright in a Digital Environment* (The Hague: Kluwer Law International, 1996) at 67.

legal matter, reproduction and infringement are equivalent categories. But that is simply not the case. The force of the Supreme Court of Canada's insistence that fair dealing is a user right rather than a mere exception is most visible at this point. Cast as a user right, what fair dealing shows is not that certain reproductions are in some way to be exceptionally excused, but rather — and more deeply — that reproduction is not *per se* wrongful. Reproduction and infringement are hardly equivalent categories. The very existence of the fair dealing defence is ample proof of that proposition. Copying, that is, does not quite capture the nature of the wrong in copyright law.

Revisiting the fair dealing defence at this point will help us deepen our appreciation of the nature of the wrong in copyright, and therefore of the concept of user rights and of the possibilities of applying that concept to the paradigmatic example of Internet “browsing.”²⁹ The starting point is the observation that if we persist in thinking of the wrong in question as a matter of copying (i.e., substantial reproduction), then we render ourselves unable to grasp fair dealing as a user right. For once we have assumed that “copying” is wrongful, we have of course already assumed that the defence of fair dealing is but an exception, a suspension of the normal operations of copyright law. The proposition that fair dealing is a user right must therefore amount to an insight into the very nature of the wrong at issue in copyright law. This insight must itself amount to a deepening appreciation of our concept of that wrong, such that substantial reproduction is a necessary but not a sufficient condition of infringement.³⁰

Grasping the nature of this wrong requires explicating the importance of the observation that substantial reproduction by the defendant does not automatically generate the inference that the defendant is not an author in his own right. The fact that the defendant has copied does not mean that he is just a copycat. We might say that, strictly speaking, fair

29 The following remarks on fair dealing contain paragraphs closely following the text of parts of Drassinower, “Notes,” above note 14.

30 Another way to put it is to say that deepening our concept of the wrong in copyright law — i.e., the mischief the statute targets — is the only possible way to think through the co-existence of s. 3 (affirming the copyright owner's exclusive right of reproduction) and, to take one of the fair dealing variants, s. 29.1 (affirming that fair dealing for the purposes of criticism or review is not an infringement of copyright) of the Canadian *Copyright Act*. If both of these propositions are true, as they must be, then it must be the case that “reproduction” (i.e., copying) and “infringement” (i.e., the wrong in question) are not equivalent categories, and that the reproduction is necessary but not sufficient for infringement to be maintained.

dealing specifies situations wherein, contrary to appearances, the characterization of the defendant's act as an act of substantial reproduction is inaccurate. It is of course true that these are situations in which the defendant has used the plaintiff's work, and in which this use has taken the form of a substantial reproduction. But it is equally true that in these situations the defendant has not, so to speak, placed himself in the position of the author of the work he has substantially reproduced. On the contrary, the defendant has addressed the plaintiff's work from his own position as author. For lack of a more elegant locution, let us say that the defendant has not abrogated to himself the plaintiff's authorial locus. His defence is, after all, that he is equally an author.

To put the same point differently, the substantial reproduction at issue fails to mature into a finding of infringement because the defendant's act is not inconsistent with the plaintiff's authorship in the sense of amounting to an abrogation thereof. It is this element of abrogation that is lacking for the offence to be made out, and it is this absence that the defence of fair dealing demonstrates. The wrongful abrogation has not taken place because the substantial reproduction is but a reasonably necessary incident of the defendant's own authorship. What the defendant has done is addressed the plaintiff's work in his own, not reproduced that work pure and simple.

The wrong in copyright law, then, is this unauthorized placing of oneself in another's authorial locus.³¹ One way to grasp this is to observe that "reproduction" is not an empirical category, a determination of which can be made by looking at the works pure and simple, as if in search of a physically invaded portion of a trespassed parcel. Rather, the determination of whether the requisite wrong has taken place is also, and inevitably, a determination of whether the reproduction is indeed what it appears to be: namely, an indication that the defendant has placed himself in the plaintiff's authorial locus. Fair dealing is but a way of showing that he has not. The point of the defence of fair dealing is precisely to show that no wrong has taken place. Therefore, no exception is necessary to excuse some would-be wrong. The defence shows that there has actually been no "copying" or "reproduction" in the appropriately normative signification of those terms as a matter of copyright law. Fair dealing is therefore not about a wrong that must be excused but about the exercise of a right to respond

31 See Immanuel Kant, "On the Wrongfulness of Unauthorized Publication of Books" in *Practical Philosophy*, trans. and ed. by Mary J. Gregor (Cambridge: Cambridge University Press, 1996).

to another's original expression through one's own. This is why it is a user right, not merely an exception to copyright infringement. Once again, *CCH* is a landmark judgment not because it innovates but because it renders explicit insights already contained in the structure of copyright law.

We can now briefly broach the implications of this conception of the wrong in copyright for an understanding of the legitimacy of Internet browsing. Note that, in the case of fair dealing, the defendant offers her own authorship not for its own sake but as indicative of the fact that she has not placed herself in the plaintiff's authorial locus. It is not the defendant's authorship *per se*, but rather what that authorship indicates, that establishes the absence of the wrong. The important inference to draw here is that while it is true that being an author in one's own right can serve to indicate that one has not abrogated another's authorial locus to oneself, it is not necessarily true that being an author in one's own right is the only way to escape the web of liability. It is one thing to assert that the legitimacy of fair dealing as a user right is predicated on the defendant's authorship. But it is quite another to assert that user rights *as such* are predicated on such authorship. On the contrary, legitimate, non-authorial use remains a possibility to the extent that use of another's work in contemplation of one's own is but an instance of a more general category of user rights. Indeed, on this view, Internet browsing appears as a paradigmatic example of a situation in which non-authorial use clearly involving reproduction nonetheless fails to place the user in the author's place. The point is that no wrong arises where the reproduction in question is but incidental to viewing a publicly accessible work.

The proposition that Internet browsing amounts to non-infringing use is hardly controversial. The preferred approach to the legitimacy of browsing, however, is an implied licence approach that, as such, grounds the legitimacy of browsing not in the incidental character of the reproductions in question but rather in the copyright owner's consent.³² The approach thus assumes the owner's exclusive right to browse, yet puts forward through the owner's imputed consent reason to preclude a finding of infringement. By contrast, the approach that focuses on the incidental char-

32 On browsing and implied licence or authorization, see Sunny Handa, *Copyright Law in Canada* (Markham, ON: Butterworths Canada, 2002) at 292–94; Barry B. Sookman, *Computer, Internet and Electronic Commerce Law*, looseleaf (Toronto: Carswell, 2005) at 3–213; Roger T. Hughes, *Copyright and Industrial Design*, 2nd ed. looseleaf (Toronto, Carswell, 1991) at 499. See also Glen A. Bloom & Thomas J. Denholm, "Research on the Internet: Is Access Copyright Infringement?" (1996) 12 CIPR 337.

acter of the reproductions in question runs through the browser's right to view publicly accessible material. It is a user right, not simply an exception — licenced or otherwise — to copyright infringement. Thus, whereas the implied licence approach more or less successfully cloaks the rupture between copyright law and digital technology, the user rights approach interprets the legal significance of the technology from the viewpoint of a renewed understanding of the law — of the nature of the right and wrong in issue. Because it refuses to grant the author an exclusive right to read her already published work, the user rights approach has no need to find the prerogative to licence Internet browsing within the purview of the author's copyright.³³ Browsing is a user right precisely because it amounts to *non-authorial* use.³⁴

E. TAKING USER RIGHTS SERIOUSLY

As we have noted, the Supreme Court's analyses of the categories of originality and fair dealing in *CCH* take place against the backdrop of an explicit statement that the purpose of Canadian copyright law is "to balance the public interest in promoting encouragement and dissemination of works of the arts and intellect and obtaining a just reward for the creator."³⁵ The rejection of the "sweat of the brow" originality standard in favour of a "skill and judgment" standard, as well as the vindication of user rights in support of large and liberal interpretations of fair dealing, are but intertwined aspects of a (re-)formulation of the very purpose of Canadian copyright law.

It is important to keep in mind, however, that the Court's unambiguous affirmation of the integral role of the public domain in copyright law

33 I have taken the phrase "an exclusive right to read" from Jessica Litman, "The Exclusive Right to Read" (1994) 13 *Cardozo Arts & Entertainment Law Journal* 29.

34 In *Society of Composers, Authors, and Music Publishers of Canada v. Canadian Assn. of Internet Providers*, [2004] 2 S.C.R. 427, <www.lexum.umontreal.ca/csc-scc/en/pub/2004/vol2/html/2004scr2_0427.html>, the SCC found, at para. 116, that "Caching" is dictated by the need to deliver faster and more economic service, and should not, when undertaken only for such technical reasons, attract copyright liability." The Court's conclusion that caching should not attract copyright liability is consistent with the view that, like browsing, caching amounts to legitimate non-authorial use. See also s. 20 of *Bill C-60, An Act to amend the Copyright Act*, <www.parl.gc.ca/38/1/parlbus/chambus/house/bills/government/C-60/C-60_1/C-60_cover-E.html>.

35 *CCH*, above note 1 at para. 23.

stops short of a relegation of the author to the level of a merely secondary consideration. The Court regards copyright as a “dual objective” system, of which author and public are equally constitutive. This factor sharply differentiates the Canadian from the American construal of the purpose of copyright law.³⁶ In the United States, the purpose of copyright law is not “dual.” On the contrary, copyright law ultimately serves the public interest and nothing other than the public interest: “The primary objective of copyright is not to reward the labor of authors, but ‘to promote the Progress of Science and useful Arts.’”³⁷ It is trivially true, of course, that the author plays an important role in American copyright jurisprudence, but this role nowhere reaches the status of an autonomous objective in its own right: “The author’s benefit, however, is clearly a ‘secondary’ consideration. ‘The ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good.’”³⁸ It is also trivially true that American jurisprudence, too, casts the author-public relationship as a “balance,” but, once again, this is a balance entirely devoted to the public interest, and in which the author figures only as an instrument of the public’s interest.³⁹ It is by no means a balance *between* author and public, in which the author’s claims (i.e., “obtaining a just reward for the creator”) arise as a matter of justice.

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- 36 Commentators have noted the elements of convergence arising through *CCH* between the stated purposes of Canadian and US copyright jurisprudence. Thus, Teresa Scassa has observed that *CCH* “cements a very recent shift (i.e., since the 2002 case of *Théberge v. Galerie d’Art du Petit Champlain inc.*, 2002 SCC 34, <www.lexum.umontreal.ca/csc-scc/en/pub/2002/vol2/html/2002scr2_0336.html>, [2002] 2 S.C.R. 336) in approach to copyright by the Canadian Supreme Court,” and that, at least in theory, the shift “further aligns Canadian copyright law with US law.” See Scassa, above note 2 at 96–97. Similarly, to give but one more example, Robert Howell concurs with the view that “after *Théberge* a substantial similarity of theoretical underpinning exists between Canada and the United States is ... strengthened by *CCH*.” See Robert G. Howell, “Recent Developments: Harmonization Opportunities for Canada” (2004), 1 UOLTJ 149 <[http://web5.uottawa.ca/techlaw/resc/UOLTJ_1.1&2.doc%207\(Howell\).pdf](http://web5.uottawa.ca/techlaw/resc/UOLTJ_1.1&2.doc%207(Howell).pdf)> at 169. For an important and different account of the significance of *Théberge* in regard to the question of the purpose of Canadian copyright law, see Myra Tawfik, “Copyright as Droit d’auteur” (2003–2004) 17 IPJ 59.
- 37 See *Feist Publications Inc. v. Rural Telephone Service Co.*, 499 U.S. 340 at 349 (1990).
- 38 *Computer Assocs. Int’l v. Altai, Inc.*, 982 F.2d 693 at 696 (2d Cir. 1992).
- 39 *Ibid.* (“Thus, the copyright law seeks to establish a delicate equilibrium. On the one hand, it affords protection to authors as an incentive to create, and, on the other, it must appropriately limit the extent of that protection so as to avoid the effects of monopolistic stagnation.”)

What matters about this distinction between Canadian and American jurisprudence is that it suggests a set of discursive possibilities that have not developed in the United States but which may nonetheless develop vigorously in Canada. Generally speaking, the hegemony of instrumentalist thinking in the United States means that copyright discourse stages a battle between copyright “maximalists” and copyright “minimalists,” between those who see strong protections as conducive to the public interest and those who, on the contrary, see weaker protections as conducive to the public interest.⁴⁰ Whatever their differences, however, these loyal opponents share a fundamental belief that copyright is but an instrument of the public interest, such that neither authors nor users could possibly assert their claims as a matter of inherent dignity.

In Canada, however, the persistence of the language of justice and fairness in copyright jurisprudence carries with it additional discursive possibilities indicative of richer normative horizons. These possibilities include affirmations of authorial entitlement from a rights-based perspective, as a matter of inherent dignity. It is not often noted, however, that these possibilities also include what we might call a rights-based minimalist discourse insistent upon formulations of the inherent worth not only of the author’s but also of the public’s domain.⁴¹ The language of justice and fairness is by no means necessarily maximalist. Proponents of expansive copyright protection neither do, nor can, have a normative monopoly on rights-based accounts of copyright law. On the contrary, users, too, have rights worthy of being regarded as ends in themselves. These rights are inseparable from and embedded in any affirmation of the dignity of authorship itself.⁴² As *CCH* teaches, they are absolutely integral to the innermost structure of copyright law. To take them seriously is to refuse to see them as negotiable instruments intended to serve goals external to themselves.

40 For discussion, see Neil W. Netanel, “Copyright and a Democratic Civil Society” (1996) 106 Yale LJ 283 <www.history.ox.ac.uk/ecohist/readings/ip/netanel.htm>.

41 See Drassinower, “A Rights-Based View,” above note 12 at 21 (“the rights-based account regards both the author’s right *and the public domain* as a matter of inherent dignity.”).

42 To put it otherwise, what matters is not that we take sides in the opposition of author and public but that we seek discursive possibilities that grasp the conditions of their co-existence as aspects of a single system. This means that the opposition worthy of our attention is not one between author and public but between perspectives that assert that opposition and perspectives that seek to resolve it at a higher level.

Coming to Terms with Copyright

David Lametti

A. INTRODUCTION

Canadian copyright governance is being pulled in different directions. The international trend, indeed the dominant trend, especially as evidenced by WIPO initiatives such as the *WIPO Copyright Treaty*¹ and *WIPO Phonographs and Phonograms Treaty*,² by US initiatives such as the *Digital Millennium Copyright Act*³ and *Sonny Bono Copyright Term Extension Act*,⁴ as well as recent bilateral treaties between the US and various small states, appears to be one in which intellectual property is conceived solely in terms of

* The author would like to thank students in his Copyright Theory class in the spring of 2004 for inspiring discussions and the Facoltà di giurisprudenza, Università degli studi di Perugia for providing the “material support” for the writing of this paper. He would also like to thank his research assistant and McGill Dobson Fellow D. Gordon Cruess, Karen Lynne Durell of the McGill Centre for Intellectual Property Policy, student editors at the University of Ottawa, and an anonymous reviewer for their corrections, comments and suggestions.

- 1 *WIPO Copyright Treaty*, World Intellectual Property Organization, 1996, <www.wipo.int/treaties/en/ip/WCT/trtdocs_woo33.html#preamble> [WCT].
- 2 *WIPO Performances and Phonograms Treaty*, World Intellectual Property Organization, 1996, <www.wipo.int/treaties/en/ip/wppt/trtdocs_woo34.html>.
- 3 U.S., Bill H.R. 2281, *Digital Millennium Copyright Act*, 105th Cong., 2d sess., 1998, <www.eff.org/IP/DMCA/hr2281_dmca_law_19981020_pl105-304.html> [DMCA].
- 4 *Sonny Bono Copyright Term Extension Act*, 505 U.S.C (1998), <www.copyright.gov/legislation/s505.pdf> [Copyright Term Extension Act].

rights and in a fashion in which such rights are treated ever more absolutely. This is amplified by technological advances that allow IP rights to be protected with increasing diligence and efficacy.

Almost as if in reaction to this dominant trend there is heightened interest in protecting the public domain of ideas, in recognizing the limited nature of copyright and its larger social purposes, and in rights-limiting doctrines such as fair dealing or fair use. Indeed, the recent decision of the Supreme Court of Canada in *CCH*,⁵ recognizing the fundamental point that fair dealing is a part of copyright and not merely an exception to it, stands as the high water mark of common sense in a world tending far too strongly in favour of an absolutist view of intellectual property as composed uniquely of rights. Thus movements for generally available, publicly-licensed software, or permissive use licensing schemes for more traditional works such as Creative Commons, are gaining increased currency. Technology is also having an impact for those favouring a more limited view of copyright, or indeed those who wish to deny copyright protection altogether, allowing for copyrighted materials to be more freely available and shared.

The recent reforms to the law of copyright proposed by the Government of Canada, in marked contrast to the 9–0 view of the Supreme Court in *CCH*, appear for the most part⁶ to be tending towards the absolutist view, weakening the availability of materials in the public domain, and much to the detriment in the long run of those individuals in the business of creating and producing ideas. (While asserting individual private property rights over the public domain might be helpful in the short term, enfeebling the public domain can only have negative consequences on everyone, including creators, in the long run.)

One area that reflects the absolutist position is in the treatment of the term of protection for copyright. In this area, the Canadian government is proposing to increase the length of the term of copyright with respect to photographs from fifty years from the taking of the photo⁷ to the life of the photographer plus fifty years. This is a change that will affect corporate owners only; non-corporate owners of copyright in photos have al-

5 *CCH Canadian v. Law Society of Upper Canada*, [2004] 1 S.C.R. 339, <www.canlii.org/ca/cas/scc/2004/2004scc13.html>, 2004 SCC 13, [*CCH*].

6 An exception is some expanding of the educational exemption, although one might argue that the proposed expansion is insufficient.

7 *Copyright Act*, R.S.C., 1985, c. C-42 (as amended) s. 10, <<http://laws.justice.gc.ca/en/C-42/39253.html>>.

ready a term of “life plus 50” years. The rationale given for this proposed change is to harmonize the treatment of photographs with other copyrighted works, where the term in Canada is “life plus 50.”⁸ In addition, the change was proposed in order to bring Canada in line with terms in the WCT. This proposal, in and of itself rather innocuous, evidences a number of significant errors in thinking about copyright: (1) that there needs to be harmony of terms as among different kinds of works protected by copyright; and (2) that we need to “harmonize upwards” by increasing the length of copyright terms. Indeed, if the *Copyright Term Extension Act* and copyright terms included in bilateral agreements between the US and Jordan, Singapore and Chile respectively are any indication, there will be increasing pressure to up the length of the standard copyright term from “life plus 50” to “life plus 70” years.⁹

In my view, it is time to begin re-thinking systematically the larger issue of copyright terms (preferably in the context of a larger systematic re-thinking of copyright). With some exceptions,¹⁰ the extent to which the copyright term is taken as sacrosanct is surprising. In my view, we need to not only shorten the term of copyright generally, but also to vary the terms of copyright as between different kinds of works according to the context of the right and the resource protected by copyright. Finally, we might consider strengthening these proposals with a registration requirement, especially for longer terms, putting some of the onus on creators themselves of identifying and protecting works of ongoing value.

What this article provides is a conceptual and philosophical structure, albeit skeletal, for copyright reform generally and for the reform of copyright terms in particular. The argument herein is not grounded in the particular context of term extension debates in the US, nor based on free speech considerations, which while important can lose their persuasive force in the face of property rights talk.¹¹ It is also not grounded on technologically-driven imperatives. Rather, the argument is grounded on the general concepts of property and of copyright, and in the theoretical jus-

8 *Ibid.*, at s. 6.

9 S.E. Trosow, “Fast-Track Trade Authority and the Free Trade Agreements: Implications for Copyright Law” (2003) 2 CJLT 135.

10 Lawrence Lessig, *The Future of Ideas: The Fate of the Commons in a Connected World* (New York: Vintage Books, 2001) at 250.

11 When a right is framed as a *property* right, it often trumps other kinds of rights. A sophisticated analysis of when rights-talk meets property talk can be found in L. Underkuffler, *The Idea of Property: Its Meaning and Power* (Oxford: Oxford University Press, 2003).

tifications for and history of copyright. I am of the mind that we need to tie the specific reforms back to a more general understanding of copyright. In this sense we must look back critically in order to re-assess how to move forward. Such a re-calibration would bring copyright protection back into line with its core justifications and history, balancing the rights of creators with the interests of maintaining a robust public domain. Perhaps ironically, addressing the term of copyright protection would also go a long way to solving some of the problems being created by new technologies respecting access for users and balancing the rights of creators and users (for example, technological protection measures, digital rights management). Such measures are weakening, if not completely obliterating the interests of users. That is, shorter terms of copyright *rights* might be seen as a counterbalance to technological advances that have served to make rights more absolute than they have been historically: the trade-off is a much shorter term for a stronger right vis-à-vis users.¹²

Of course, one has to be realistic in the sense that given the structure of international copyright, and US and EU preponderance in IP policy matters, that this situation will not change overnight and certainly not in this round of Canadian reform. However, there are dissident voices around the world and especially in the US, and this is a time to begin thinking in Canada about copyright terms in a more coherent manner. It is my hope that Canada will become a leader in this necessary and, I think, inevitable discussion. What follows is an attempt to help frame that discussion, and provide some of the theoretical underpinnings from which that discussion can proceed.

B. THE PRESENT TERMS OF COPYRIGHT PROTECTION

The trend in the law of copyright is for ever-increasing terms of automatic protection. From its first inception in the Statute of Anne¹³, in which the duration of copyright protection was fourteen years (with one renewable fourteen year extension), the term of copyright protection has been continually increasing, to the point where copyright protection now extends

12 This is not to say one should abandon efforts to keep fair dealing in the forefront when discussing new technologies. Moreover, attention must be paid to the fact that shorter copyright terms for certain kinds of works might effectively be circumvented by technological advances and contractual strategies that attempt to create a stronger right than is intended by copyright: further elaboration of this point is well beyond the scope of this paper.

13 *Statute of Anne*, 1710 (U.K.) 8 Anne c.19

well beyond the life of the creator. At a certain point, one must ask, “why so long?”

Canada still employs what can still fairly be described as the standard term for copyright protection: the life of the creator plus fifty years.¹⁴ This has been the case since the adoption in Canada of the same standard found in the Berne Convention in 1924. Prior to this, Canada had employed the earlier US standard term of twenty-eight years protection followed by an optional fourteen-year renewal (the US had a registration requirement prior to 1976.).

The current term, as with previous terms before it, is coming under growing pressure for further increases. These come from both American and European circles, and recent bilateral agreements, where the term of protection is the life of the author plus seventy years. The US has rather colourfully (many argue to protect Mickey Mouse from the horrors of the public domain) enacted the *Copyright Term Extension Act*¹⁵ extending the term of copyright protection to life plus seventy years. This statute was upheld by the United States Supreme Court in the case of *Eldred*,¹⁶ in which the challenge to the term extension was brought on free speech grounds, and has been incorporated as the standard for protection in the recent bilateral trade agreements between the US and a number of smaller nations. The EU Directive does the same for works of European nationals.¹⁷ True to the historical trend of copyright (and perhaps all other rights), the momentum is clearly pointing to longer terms of protection for all kinds of works.

Furthermore, corporate interests are increasingly the holders of copyright, especially for newer forms of copyrighted material, such as software. This has the effect of “de-personalizing” copyright by obscuring the relation between the creator and the work. One no longer identifies a Disney kid’s film with the person of Walt Disney (or even Michael Eisner for that matter), but rather with a team of anonymous, expert writers, animators and marketing professionals.

14 Above note 7, at s. 6. For exceptions, see D. Vaver, *Copyright Law* (Toronto: Irwin Law, 2000) at 99–110.

15 Above note 4.

16 *Eldred v. Ashcroft*, 537 U.S. 186 (2003) (No. 01-618), no.10.<www.supremecourtus.gov/opinions/02pdf/01-618.pdf>.

17 Council Directive 93/98/EEC of 29 October 1993 harmonizing the term of protection of copyright and certain related rights, <http://europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=EN&numdoc=31993Lo098&model=guichett>.

The current reform in Canada thankfully does not succumb to the trend of increasing the term of protection to “life plus seventy.” Rather, it proposes to merely *harmonize* the treatment of photographs with other kinds of protected works. This appears to be rather minor tinkering in the grand scheme of things. However, while the decision to not increase the base term of copyright is welcome news in the climate of term *growth*, the underlying idea of harmonization as among different kinds of copyrighted works needs to be considered. Moreover, given the long length of copyright in the context of escalating calls for a robust public domain and increased users’ costs — especially for libraries and educational institutions — emanating from enhanced digital rights management and protection, etc., the length of copyright protection itself needs re-examination.

Why is uniformity seen to be a good thing? And why is the right so long in the first place? These two questions require constant consideration (and indeed constant re-consideration), especially given the inevitable march to ever-increasing terms of protection. Indeed, it seems to me that little thought has been given to constructing coherent copyright terms: here I mean coherence with the rights, principles and policy goals underlying the according of copyright protection. This paper, then, is a call for the reform of copyright terms generally. It is not about the minor reforms to the term of photographs contained in the current reform: while photographs are interesting in their own right, my concern in this essay is elsewhere.

In my view, consideration of the concept of copyright, the concept of property, the philosophical rationales for copyright protection and their history, all point to a right which ought to be shorter, and not automatic. From these perspectives, furthermore, it is evident that protection should involve some onus on the right-holder to signal the on-going validity of the right. Starting at these theoretical bases, furthermore, has led me to the conclusion that the term of protection be varied for certain kinds of copyrightable works.

C. UNDERSTANDING THE CONCEPT OF COPYRIGHT, ITS PHILOSOPHY AND ITS HISTORY

In assessing the terms of copyright, there are a number of premises that the concept, the theory and the history of copyright all bring to the table. In addition, one must also consider what one might call lessons from the concept of private property, the point from which I shall begin.

1) Lessons From the Concept of Property

Those advancing a more absolutist view of copyright often import terms from property discourse, particularly the term and concept of “ownership” or “*propriété*.” In and of itself, this importing is not problematic: copyright (and indeed other sorts of intellectual resources) have a great number of affinities with more traditional forms of property resources. However, what is usually lacking from this application of property terms and concepts is the full nuance of property discourse. Rather, what is applied in IP discourse is some idea of ownership in its most absolute and abstract form.¹⁸

A critical error in property discourse, which unfortunately has found its way into intellectual property discourse, is to discuss the rights in absence of the resource. I have written elsewhere that re-defining private property as a relationship *through* a resource forces us to understand the particularities that any given resource brings to the property relation.¹⁹ Thus objects of property *necessarily* mediate property relations, and frame the parameters of particular property relations. This perspective, I believe, is an equally necessary starting point from which to begin thinking about intellectual property. In concrete terms, then, we need to look at each kind of resource protected by copyright (or indeed IP), and assess the parameters of the kind of property relation that is appropriate for that resource. Thus it stands to reason that a different set of parameters will apply to traditional works than to computer software than to neighbouring rights, according to the context in which each work was created, and the purpose for which it was created. The intuitive initial conclusion from this analysis is that the need to harmonize all aspects of copyright’s rights is misguided.

A related error, equally critical, that occurs when people equate property terms and concepts to intellectual property and copyright discourse, is the presumption that the concept of property is only about rights, and hence copyright is likewise. That is, what gets imported from the concept of property is an absolute form of ownership that does not appear to have any limits, or does not appear to be subservient to any form of larger teleology. This understanding is as defective in property theory as it is in

18 D. Lametti, “The Concept and Conceptions of Intellectual Property as seen through the Lens of Property,” in G. Comandé & G. Ponzanelli, eds, *Scienza e Diritto nel Prisma del Diritto Comparato* (Torino: Giappichelli, 2004) at 269.

19 See D. Lametti, “The Concept of Property: Relations *Through* Objects of Social Wealth” (2003) 53 U.T.L.J. 325.

IP theory: both property and IP are more than simply absolute bundles of rights. While they are indeed about bundles which include rights, such bundles are variable and include limits and duties, depending on the nature of the resource and the nature of the right.²⁰

A quick glance at the law of property confirms in practice this conceptual observation. In the law of private property, not all property rights are the same. Furthermore, no rights — even the most powerful ownership rights — are unlimited and owners have some obligations to validate and maintain important property rights in valuable resources. Both the Common and the Civil law in Canada and elsewhere have a variety of private property institutions that allow for different kinds of property interests in a variety of resources. These range from the most powerful interests to the weakest. Whether one considers Common law concepts of property (for example, the doctrine of estates in real property or the ownership of personal property, and doctrines of possession), or the Civil law property structure (real rights of ownership and dismemberments), one encounters a range of different property institutions with differing powers, limits and responsibilities. So a fee simple differs from a life estate or *profit-à-prendre*, ownership from a usufruct or from a real servitude. Some of these have more powers and rights, others less; some are infinite in terms of time, others not. Moreover, the rights change according to the resource: private property (and many other) rules vary according to whether an object of social wealth is immovable (real property) or movable (personal property), tangible or intangible, fungible or non-fungible. Private legal systems deal with these questions as if they were second nature. While complex, it is fair to conclude that there is a multiplicity of property institutions that vary according to context. It is equally important to underscore that not all property rights have the same sets of powers, and indeed the same term.

20 D. Lametti, above, note 19. In property theory generally, see J.W. Singer, *Entitlement: The Paradox of Property* (New Haven: Yale University Press, 2000); Gregory Alexander, *Commodity & Propriety: Competing Visions of Property in American Legal Thought 1776–1970* (Chicago: University Chicago Press, 1997); W.N.R. Lucy & C. Mitchell, “Replacing Private Property: The Case for Stewardship” (1996) 55 Cambridge L.J. 566; K. Gray, “Equitable Property” (1994) 47 Curr. Legal Probs. 157, at 161; and E.J. McCaffery, “Must We Have the Right to Waste?” in S.R. Munzer, ed., *New Essays in the Legal and Political Theory of Property* (New York: Cambridge University Press, 2001) at 76. See also, Eric Freyfogle, for example, “Ownership and Ecology” (1993) 43 Case W. Res. L. Rev. 1269 and “The Construction of Ownership” (1996) U. Ill. L. Rev 173.

Finally, even the most powerful interests of ownership are not at all absolute. Various kinds of norms limit what one can do with one's owned property, of whatever sort: legal doctrines, local usages, by-laws, production quota schemes, criminal, administrative and public statutes or codes, and cultural property norms. All limit the rights of the owner. And even the most formal enunciations of the property rights in legal terms — those enshrined in civil codes and doctrines of ownership — never posit ownership as absolute, but rather as ranging from close to absolute for ownership rights to much more limited for less powerful property rights.

It is also important to underscore that owners must — especially as resources become more economically valuable — take some proactive measures to maintain their rights. Thus registration systems for interests in land and buildings have been the norm for over a century, and registration has been a necessary requirement in order to give effect to a right against third parties. Registration systems for other kinds of wealth — Quebec now has a register of movable property (a concept akin to personalty in the Common law) and personal rights — are also becoming more popular as traditional forms of wealth give way in terms of relative importance to new kinds of resources. Moreover, some forms of wealth require some kind of minimal use or maintenance: doctrines in both the private legal systems in Canada allow in certain cases for property rights to be lost (through neglect or mistake) where someone else has possession of the object: acquisitive prescription through possession in the Civil law and adverse possession at Common law. One's object of property is a valuable resource, accorded to an individual to the exclusion of others: use it or lose it.²¹

The point here is that even for the most absolute forms of property rights there are still many limits and obligations — ranging from the perfunctory to the onerous — for validating, exercising and maintaining the right on the part of owners. Property is a complex set of rights and obligations and private property systems reflect this with varying property institutions: why then the impulse to treat all forms of copyrightable works as more-or-less monolithic?

Seen in this light, copyright "ownership" should not be treated as absolute, simply as a result of the use of the word ownership. If traditional ownership is far from absolute, why should we treat copyright as such? Like

21 One might also think of patent (where failure to put the patent to use might result in a compulsory license being granted, or even with the patent being expropriated) and trademark and passing off (where non-use can lead to the loss of the right).

traditional property resources, we need to look at the intellectual resource at issue in the law of copyright, examine the source of its value and decide, accordingly, on the robustness of the right (in terms of scope and length) and on the steps needed to formalize the right. Only in this manner can we fully understand the basis of the legal relation we call copyright.

2) Lessons From the Concept of Copyright

The discussion of the concept of private property leads us to a brief review of the concept of copyright. In the Canadian context, the *Copyright Act* protects the widest notion of author's rights, comprising both the economic rights associated with a work — traditional Anglo-American copyright — and the moral rights of attribution, integrity, and first publication of the work associated with Continental *droit d'auteur*. The economic rights are limited to those enunciated in the Act: in a nutshell, they prevent others from copying the work. The same is true for moral rights, which are also articulated in a rather limited fashion in the Act. Indeed, the integrity right must be infringed in a relatively objective fashion to have legal consequence.²²

The rights protected by copyright are varied. They include rights to prevent copying, control reproduction, translation, performing in public, and others. Neighbouring rights include rights over communications and the production of sound recordings. The rights of the copyright holder are expanding, in light of current technology, to controlling the circumstances in which copying is done; thus under the WIPO *WCT Treaty*, the power of the author is extended to “making available” the work, a spin-off of the initial right to control publications, but one which will likely apply to uploading on the internet in the context of file-sharing.

The *Copyright Act* also purports to cover a variety of different objects under the titles of “work” and neighbouring rights as caught by sections 3, 15, 18 and 21. They range from traditional literary, artistic, musical and dramatic works, to computer software, performances, sound recordings and communications signals. There are thus a number of works of vastly different natures covered by copyright. Some require a great deal of creative inspiration — a painting, a sculpture, a novel — while others re-

22 *Snow v. Eaton Centre* (1982), 70 C.P.R. (2d) 105 (Ont H.C.J.); *Prise de Parole Inc. v. Guérin. Éditeur Ltée*, [1995] A.C.F. no 1583, (1995) 66 C.P.R. (3d) 257 (T.D.). The exception is for paintings, sculptures or engravings, where an even more objective standard is used. See D. Vaver, above note 14 at 161–63.

quire perhaps less-inspired but more methodical work — the creation of a database, for example. Some works — computer software and telecommunications — fall somewhere in between. Moreover, works are created by a variety of different means: by the solitary author at her laptop or painter at his easel, by a team of programmers working for a university computer science professor or for Microsoft, or by a cable television station. Some are produced using varying artistic methods, others with the most advanced digital and computer technologies.

While the nature of the work differs, so too does the way in which we value or appreciate the work. Traditional works have economic value on the market, but this value is in part based on an aesthetic appreciation that results in publication for a wider audience: the substance of such works must be read, shared, viewed, or otherwise appreciated in common by more than one person. The economic value is thus based on the attractiveness of its substance. The goal of copyright protection for works falling into this category is meant to prevent others from living off these works by copying the work and profiting economically. Copyright protection is not meant to bar legitimate, non-copying access to the work for non-economic purposes: reading the book, listening to the song, viewing the painting.

On the other hand, the market value of, for example, the software protected by copyright is appreciated in how well it functions: no sane person reads binary code as poetry (at least not yet!). Its economic value comes from how it functions, and copyright protection is meant to protect this method of functioning. While there might be some scope for the aesthetic “look” of the software to be protected by copyright, this has a lesser input in the valuation of the resource. Unlike traditional works, though, the lines of binary code in copyright-protected software are not shared — indeed quite the opposite — and thus any illicit copying done is in the attempt to mimic this functional character.²³ Thus, it is equally true that the goal served by the work varies with its nature.

The points to be made here are two. First, there are a wide variety of works to be covered by copyright. Indeed, one might argue that some cate-

23 And thus the tests for copying have a great deal of look and feel about them, comparing how competing programmes function: *Delrina Corp. v. Triolet Systems Inc.* (2002), 165 O.A.C. 160, <www.ontariocourts.on.ca/decisions/2002/march/delrinaC30375.htm>, 22 C.P.R. (4th) 332 (C.A.) [*Delrina* cited to C.P.R.], following in substance the US test in *Computer Associates International Inc. v. Altai Inc.*, 23 U.S.P.Q. 2d 1241 (2d Cir. 1992), <www.bitlaw.com/source/cases/copyright/altai.html>.

gories of works are here by accident (such as computer software).²⁴ There is no reason why the same term of protection need necessarily apply. As the nature and teleology of the work differs (along with the creative process) so does the parameter of the right protecting it. This argument obviously applies to more than just the term of protection. We might for example argue for differing originality standards as the threshold of copyright protection.²⁵ Second, it is worth sub-dividing the kinds of works protected by copyright, and assessing the length of protection accordingly.

It is true that copyright serves a larger purpose or teleology, which comprises both individual and collective goals. It is meant to foster creative self-expression, and the advancement of a variety of artistic and educational discourses, thereby contributing to the overall benefit of society. This balanced approach to the goals of copyright — ensuring that incentives to create and the rights of users remain in harmony — has been often stated in the Anglo-American tradition, and was recently re-iterated in Canada in the *CCH* decision. Similarly, to the extent that one claims that the tradition of *droit d'auteur* also animates the Canadian discourse, it is equally clear that this tradition does not supplement the balanced approach of copyright discourse, especially as it pertains to economic rights.

A part of the balancing in Canadian copyright discourse is the view to protecting the public domain. The public domain, as enunciated in *CCH*, is a critical part of Canadian copyright discourse. Facts, information and ideas, in their abstract form, and the specific expressions of facts, information and ideas that have lost their copyright protection and moved into the public domain are critical to the ongoing development of new works. The process of creation, as understood by Jessica Litman, James Boyle and others defending the public domain, is seen as incremental, building on previous knowledge and expression. Copyright terms that are too long

24 Computer software was brought under the realm of copyright in Canada in *Schlumberger Canada Ltd. v. Commissioner of Patents* (1981), 56 C.P.R. (2d) 204 (F.C.A.), following the trend in the US. Decisions such as *Apple Computer, Inc. v. Mackintosh Computers Ltd.*, [1990] 2 S.C.R. 209, <www.canlii.org/ca/cas/scc/1990/1990scc64.html>, [1990] S.C.J. No. 61, have reinforced that classification, taking a static view towards code, analogizing code to a literary work and rejecting the view that copyright's value lies in its dynamic functioning. International treaties have also enshrined this position, and the *Copyright Act* was amended to follow suit. In my view, we are probably better off with a patent-like statute regulating software patents. Be this as it may, we should do our best to fairly protect — but not over-protect — software via copyright.

25 Obviously this analysis is beyond the scope of this paper.

will detract from the public domain and thus the vibrancy of works protected by copyright.

Thus the concept of copyright is a balanced concept, which must cover a wide range of works. Like property it is not absolute, and more explicitly than traditional property, it serves a greater good by according limited rights to individuals over certain types of resources.

3) Lessons From the Theoretical Justifications for Copyright

A number of theories have been advanced justifying copyright protection. While this forum is too brief to allow a full discussion, it is still necessary to understand in general terms the justifications for the institution of copyright in order to assess the parameters of the rights and duties — in this case the duration of the right and its robustness — that form a part of it. I shall assume that private property justification can be applied *mutatis mutandis* to copyright.²⁶

For applied analytic purposes, one can divide arguments justifying the presence and parameters of (intellectual) property rights generally or copyright specifically into two categories. The first category consists of arguments emanating naturally from the *individual* and her relationship to objects of property or arising automatically as a result of specific actions she takes with respect to the creation of some object of property, in this case a work. The second category of arguments bases copyright protection on the *promotion of desired goals or outcomes*, according to various criteria such as well-being, utility or efficiency.²⁷ Even a cursory look at simplified versions of these arguments justifying the institution of copyright tells us

26 What follows is an abridged restatement of the larger argument and methodology contained D. Lametti, "Publish and Profit: Justifying the Ownership of Copyright in the Academic Setting" (2001) 26 Queen's L.J. 497 at 520–60. For other applications of property theory to IP, see W.J. Gordon & K.L. Port, eds, *Symposium on Intellectual Property* (1993) 68 Chicago-Kent L. Rev. 585–1003; A.D. Moore, ed. *Intellectual Property: Moral, Legal, and International Dilemmas* (Lanham: Rowman and Littlefield, 1997).

27 These two categories accord roughly in ethical discourse to what are called "deontological theories" and "teleological" or "consequentialist" theories. I have argued elsewhere that what is ultimately needed — in both property theorizing and general ethical debates — is a theoretical approach which takes both into account, as well as other justifications which do not fall into this traditional ethical dichotomy. See D. Lametti, "The (Virtue) Ethics of Private Property: A Framework and Implications" in A. Hudson, ed., *New Perspectives on Property*

that neither of these sets of arguments is all-encompassing or all-persuasive in their justification. Rather, the arguments are persuasive to varying degrees and depend in large measure on the nature of the work created and the context in which it was created. Copyright terms need to reflect this reality: a single length term simply does not.

a) Rights-based Arguments for Copyright Protection

Those arguments grounding private property rights on the natural rights accorded to the individual have been dominant in Western discourse.²⁸ These natural rights arguments, individualistic by nature, in turn divide into two categories. First, there are those justifications focusing on human action — specifically the creative process — and that assign rights naturally or logically to creators as a result of these actions. Human beings have justifiable property rights because they have created or improved upon some resource through their own action: labour arguments. Other versions stress the meritorious nature of the development or use of a resource, and the rewarding of such action with an ownership right: desert arguments. Given the rhetorical popularity of these types of “labour-desert”²⁹ arguments, some variant of them might therefore be pressed into the service of justifying intellectual as well as traditional property.³⁰

Second, there are those arguments focusing on the natural or even necessary link that people have with their possessions, identifying the role that social resources play in human development and in the flourishing of human personality or personhood. Human action is not the focal point, but an incidental part of a natural process of human development or flourishing. The most popular arguments are attributed to Hegel and, more recently, Margaret Jane Radin.³¹

Law, Obligations and Restitution (London: Cavendish, 2004) at 39; D. Lametti, “Property and (Perhaps) Justice” (1998) 43 McGill L. J. 665, at notes 14 & 15.

28 The most famous and perhaps most influential text has been John Locke’s *Second Treatise*, and in that Book V. See *Second Treatise*, in *Two Treatises of Government: a critical edition with an introduction and apparatus criticus*, P. Laslett, ed., 2d. ed. (London: Cambridge University Press, 1967) [*Second Treatise*].

29 The combination is Stephen Munzer’s: see *A Theory of Property* (Cambridge: Cambridge University Press, 1990), Part III, ch. 8.

30 A number of writers use some form of Lockean analysis. For more critical assessments see J. Hughes, above note 11, and L.C. Becker, “Deserving to Own Intellectual Property” (1993) 68 Chicago Kent L. Rev. 609.

31 G.W.F. Hegel, *Elements of the Philosophy of Right*, trans. by H.B. Nisbet, A. W. Wood, ed., (Cambridge: Cambridge University Press, 1991); M.J. Radin, “Property and Personhood” in *Reinterpreting Property* (Chicago: University of Chicago Press, 1993).

Of these two classes, labour-desert arguments are the most familiar and famous. The crux of the John Locke's famous argument is that we acquire ownership rights simply because we mix our bodies and our labour, both of which we unquestionably own, with resources in the natural world to produce some new object of social wealth. Thus appropriation and improvement of the natural world requires a physical effort which gives a justifiable private property right, either immediately or later in time.³² This argument encounters serious difficulties at a variety of levels.³³ Thus, a more nuanced, persuasive approach, also attributable to Locke, puts the emphasis on rewarding meritorious behaviour — production and creativity — with respect to the use of social resources. These are the so-called desert arguments: we allow appropriation and award private property rights because they are deserved given the beneficial actions undertaken to harness, develop and exploit a resource.³⁴

Labour-desert arguments have some value in understanding copyright. They do explain at least some aspects of human behaviour in the realm of copyright and some of the rules that have been put in place. We almost instinctively feel creators or those who labour should be rewarded in some way. Hence we often find copyright infringement rules protecting one's labour — the “sweat of one's brow” — as well as more creative forms of mental labour through the protection of the originality of a work.³⁵ We

32 Exactly when is the subject of much debate, with important implications for the origins of and the limits on private property. See the debate between James Tully and Jeremy Waldron: J. Tully, *A Discourse on Property: John Locke and his adversaries* (Cambridge: Cambridge University Press, 1980) and J. Waldron, *The Right to Private Property* (Oxford: Clarendon, 1990).

33 First, there is the dubious initial assumption of self-ownership as the basis for our ability to appropriate resources to ourselves. Claiming that we own our bodies leads to variety of exaggerations: we aren't allowed to see body parts, for example. Second, the Lockean idea that human beings “mix” their labour with the natural environment, thus justifying an ownership claim, is highly problematic: it is impossible to quantify and qualify the mixing and draw consequences there from. In a famous example, if one throws a can of tomato juice into the ocean, does one own the ocean?

34 Again there are problematic assumptions, especially, the idea that resources get most of their value from the human element — Locke said 99/100 — and that all resources must be put to productive use. Most clearly this ignores the point that value is context-driven: productive use is understood in a specific context in which that kind of production is valued and appreciated. In other contexts, the labour may be valueless, or even seen as being negative.

35 I am using originality in its usual lay meaning and not in the copyright sense of “originating from.”

certainly view the creative process as beneficial to society in terms of the end products.

In the end, however, we should take care not to give such arguments too much weight, either with respect to property, or with respect to copyright. First, from a property perspective such arguments may not be strong enough to justify property rights in the face of equality claims. That is, either allowing people to appropriate from the common, or then allowing them property rights excluding others, runs against a basic intuition of equality. Locke acknowledged this in his famous provisos of “enough and as good” and “spoliation”: two well-known limitations on acquiring property rights and accumulating wealth that go towards balancing equality claims.³⁶ John Stuart Mill’s response to this challenge of justifying inequality affirmed a right to private property, but only if the creation and appropriation took place without wronging anyone else.³⁷ Second, labouring or engaging in virtuous behaviour does not necessarily justify a *property* right. There are other types of rewards and rights one might be given in return for meritorious use of resources. A financial reward such as a regular salary might very well do. That our society rewards a property right is only reflective of what our society has chosen to do.

Regarding copyright, there might be a lesser concern with the unfair appropriation and consumption of raw materials. Such might be the case because it is not as readily apparent that giving the “ownership” of copyright to one person necessarily disenfranchises another: the stock of ideas is after all unlimited, and in any event ideas alone cannot be the subject-matter of copyright. But this view takes a rather romantic view of creation, and downplays the contribution of the public domain to the creative process. We simply cannot create out of nothing: it is trite to say that all creation is contextual. If Jessica Litman is correct,³⁸ as I believe she is, the process of creation is more analogous to *adaptation* and thus requires a strong public domain. The Lockean arguments, as Carys Craig has pointed out, only go so far, and even Locke saw their limitations.³⁹ Even in Kantian terms, a strong argument for the protection of the public domain can be

36 *Second Treatise*, above note 27 at 290–91 [Bk V, ss 33 and 31].

37 J.S. Mill, *Principles of Political Economy*, Sir W. Ashley, ed., (Fairfield, NJ: Augustus M. Kelley, 1987 [1848]) at 233 [Bk II, ch II, s. 5].

38 See *inter alia*, J. Litman, “The Public Domain” (1990) 39 *Emory L.J.* 965 at 969.

39 C. J. Craig, “Locke, Labour and Limiting the Author’s Right: A Warning against a Lockean Approach to Copyright Law” (2002) 28 *Queen’s L.J.* 1.

mounted.⁴⁰ Moreover, one should also note that at a general, institutional level, creation-without-wrong arguments of Mill's type cannot alone justify IP rules such as copyright protection, since an IP rule creates artificial scarcity after the fact by giving exclusive economic rights; we still have to justify the exclusive right granted to one person at the expense of others to something like information which otherwise would be shared.⁴¹

In the final analysis, labour-desert arguments provide some help in justifying copyright, since our society does wish to reward this kind of process and does often do so with a property right. Indeed, it is our particular society's entrenched social convention to reward such productive behaviour with an ownership or other sort of property right; thus one can argue forcefully the awarding of private property rights has reached a level of settled expectation. This expectation is becoming more entrenched as our world becomes increasingly market-driven (as worrisome as this trend might be, I acknowledge). They do help explain copyright generally as a method of rewarding creative activity, and the quantity of labour or creativity thus might assist us in determining the institutional design (i.e., length) of copyright terms. That is, the harder one has worked, or the more appreciated the kind of creation, the longer the right might be. However, these arguments are not sufficient on their own to justify either a property or copyright right, let alone an absolute one, given the drawbacks and limitations outlined above. Any rights justified here will be limited in nature.

A second set of well-known justificatory arguments stem from the idea, made famous by G.W.F. Hegel, that private property is necessary to our development as individuals. Private ownership allows us to actualize or concretize — literally to make *real* — our abstract rights, transforming them into direct rights in objects of social wealth.⁴² Given their starting point in human freedom, these arguments can be safely categorized as emanating from the individual. They are natural to all human beings, regardless of any sort of specific behaviour with respect to a specific resource. A modern form of the argument, discarding the troubling and difficult idiosyncratic trappings of Hegelian analysis, has been advanced by Margaret Radin.⁴³ The persuasive force of this argument is that there is an

40 A. Drassinower, "Sweat of the Brow, Creativity, and Authorship: On Originality in Canadian Copyright Law" (2003–2004) 1 UOLTJ 105; "A Rights-Based View of the Idea/Expression Dichotomy in Copyright Law" (2003) 16 Can. J.L. & Juris. 3.

41 See J.W. Harris, *Property and Justice* (Oxford: Oxford University Press, 1996) at 43.

42 Radin, above note 31.

43 *Ibid.*

intrinsic link between our belongings and our personhood, and that some private property rules as well as their specific contours are justified on these grounds. For instance, according to Radin, certain forms of common law personal property merit more rigorous protection than others because they are so closely linked to a person's identity.⁴⁴ Indeed, the Civil law notion of patrimony and the famous explanatory theory of Aubry and Rau would seem to fit quite well with such an argument.⁴⁵

Once again, notwithstanding problems,⁴⁶ there remains a large degree of intuitive plausibility to such arguments, at least with respect to some resources. This Hegelian justification is particularly appropriate to the moral rights of the creator. Civil writers generally classify moral rights as non-pecuniary, extra-patrimonial rights, thereby linking them quite explicitly to the Continental romanticism of which Hegel was a part. In the economic realm of copyright, too, this is particularly true with regard to affording property rights over creative products that are closely identified to the mind or imagination of the creator. Creators and authors feel a strong affinity to their work, and it is commonplace for them to see their work as an extension of their being. Such a connection is also quite strong where the link between the author and the work is quite visible: the work shares part of the author's identity or is constitutive of it. A great deal of what we think of an author is based on what she writes, a painter what he paints, songwriters by their songs, and so on. So personhood theories appear to be especially strong when it comes to justifying the protection of creative work with intellectual property rights. Indeed, copyright rules

44 *Ibid.* at 53–55

45 C. Aubry & C. Rau, *Cours de droit civil français d'après la méthode Zachariae*, 5th ed. by E. Bartin (Paris: Marchal & Billard, 1917) no. 573.

46 As with labour-desert arguments, personality theory also encounters serious difficulties: in this type of analysis are human beings overly objectified? “You are what you own or make” is a simple phrase illustrating (I hope) the problem of too strongly identifying or valuing people according to the objects they own. Moreover, do we reify property relations into more than they really are? Resources are part of our necessary interaction with the physical world: but are they necessary for all of our interaction with the social world as well? While obviously important, property relations are by no means all-encompassing as an extreme interpretation of personality theory might imply. One might interpret Hegel's theory in this way. Finally, personhood theory has difficulty dealing with fetishism, and specifically in distinguishing why certain fetishistic property relations are less important than other, more serious types of property relations that address more basic or pressing human needs. In copyright terms, the fetishistic argument is less relevant: the majority of works created has to be valued by others in some way to result in aesthetic or economic value.

and rights allow — more precisely, force — us to concretize our ideas in order for them to attract protection: the idea/expression dichotomy.

Admitting the skeletal nature of the foregoing recapitulation of arguments, what light is shed by either of these two sets of justifications on copyright terms? The most persuasive arguments come from personhood arguments, where the creator is most closely linked to the work: authors of traditional copyright works and performances. Labour-desert arguments also have some force in this same category as society can recognize and reward the creative process, although this must be put into context: are there other types of remuneration, for example, for the act of creation, such as, for example, a salary.

Applied to copyright terms we are left with the intuitive conclusion that the parameters of protection, and hence longer terms of protection, are more justified for works where the author's identity is closely tied to the object. Labour arguments are valuable but more problematic, as they are much more contextual and limited, and thus carry much less weight than personhood arguments in designing copyright terms.

b) Consequentialist Arguments for Copyright Protection

A markedly different approach to the question of justifying copyright terms would be not to assess the various justificatory arguments from the perspective of what rights accrue naturally to creators, but rather, from a more global or institutional perspective, determine what rights ought to be accorded, in service of set goals, to the major stakeholders in the context of copyright: creators, right-holders and users. The approach in such a methodology is explicitly utilitarian or consequentialist. That is, once the goals of copyright protection are determined — fostering the creative process, protecting the sweat-of-the-brow, fostering a robust public domain, etcetera — the inquiry will then turn to the question of determining the most optimal length term in service of copyright's goals. It might be said that this sort of calculus is in fact what the common law of copyright already does in practice, giving statutory protection — even in the absence of any sort of natural rights to copyright⁴⁷ — to worthy recipients for a variety of principled or policy-based reasons. It is also explicitly the approach in the US, where the Constitution enshrines the purpose of copyright as promoting the arts and science.

47 In *Estey J.'s well-known terms*: Copyright is a “creature of statute.” See *Compo v. Blue Crest Music*, [1980] 1 S.C.R. 357 at 373.

In general, utilitarian and efficiency arguments are much less rights-based than deontologically-oriented ones, as utilitarians usually see any given right as a creation of the polity: one need only recall Jeremy Bentham's famous quip "Natural rights is simple nonsense: natural and imprescriptible rights, rhetorical nonsense — nonsense upon stilts."⁴⁸ Rights are understood in the context of the state, and the role the state has in promoting certain goals, fostering certain virtues, and prohibiting other types of behaviour. A utilitarian or consequentialist approach allows for a multiplicity of factors or criteria to be taken into account and weighed before rights are accorded.

There are a number of methods or criteria used to assess copyright rules. One currently popular and useful method is to go about answering these questions using "utility and efficiency" arguments. These related concepts serve to establish the criteria for the overall goals envisioned by a copyright scheme; hence they serve to help frame not only the distribution of copyright ownership rights but also their parameters. There is also a voluminous discussion and debate over the appropriate measure of these standards, and in particular, how each criterion more effectively addresses the compelling critiques of the utilitarian approach in general.

By way of brief introduction, utility arguments are those which seek to maximize some form of individual or societal utility: in the oft-repeated phrase, "securing the greatest good of the greatest number."⁴⁹ For Bentham, action was in conformity with utility when it had the effect of increasing the happiness of the community.⁵⁰ There are, of course, a number of other proxies in addition to pleasure for a concept as nebulous as "the greatest good": either hedonistic or eudaemonistic happiness, aggregate wealth, well-being, the satisfaction of preferences and so on.⁵¹

48 J. Bentham, *Anarchical Fallacies*, in J. Waldron, ed., *Nonsense upon Stilts: Bentham, Burke and Marx on the Rights of Man* (London: Methuen, 1987) at 53.

49 Often attributed to John Stuart Mill. See O. Piest, ed., *Utilitarianism* (Indianapolis: The Bobbs-Merrill Co., 1957) c. 1, for a general discussion of the concept.

50 J. Bentham, *An Introduction to the Principles of Morals and Legislation*, J.H. Burns & H.L.A. Hart, eds. (London: Athlone Press, 1970) at 13.

51 For an introduction to this literature, see B. Williams, *Ethics and the Limits of Philosophy: An Introduction to Ethics* (Cambridge, Mass: Harvard University Press, 1985) at 15–18, and generally R.G. Frey, ed., *Utility and Rights* (Minneapolis: University of Minnesota Press, 1984). Specifically, utilitarian arguments (as well as any purported standard of measuring of the greatest good) must address the problem of measuring and comparing different and often incommensurable subjective conceptions of desirable ends. For an introductory investigation, see J. Griffin, *Well-being: Its Meaning, Measurement, and Moral Importance* (Oxford:

Efficiency, on the other hand, might simply be thought of as achieving a desired goal at the lowest possible cost. A process is productively efficient either if the given result is attained with the fewest possible resources or if a given set of resources yields the best possible result.⁵² In copyright this

Clarendon Press, 1986) at 75–92. This potential incommensurability is allegedly most acute when confronting the dilemma of when (if ever) the overriding of an individual's desires can be justified, particularly in cases where individual desires conflict with the desires of the majority. Extreme forms of utilitarianism which tend to downplay or even ignore the individual as a rights-bearing entity — one might even say Bentham's variant — are particularly susceptible to this last form of critique, for instance from strong rights-based arguments. See, e.g. Kant's critique of utilitarianism in the *Foundations of the Metaphysics of Morals*, trans. by L.W. Beck (Indianapolis: Bobbs-Merrill, 1969), especially the First Section at 11–25. See also S. Scheffler, *The Rejection of Consequentialism* (Oxford: Clarendon Press, 1982). A more recent example of utilitarian thinking, using well-being as its criterion for comparison, is more successful at balancing the consequentialist analysis with at least some deontological imperatives, including the moral worth of the individual. J. Griffin, *Well-being*, *ibid.* Stephen Munzer's pluralistic approach to property theory does so at least implicitly: see Munzer, above note 29, Part III. I have argued elsewhere for an analogous middle ground and approach to ethics as regards private property theory: see "Virtue Ethics," above note 27, at notes 16–24 and accompanying text. See also Williams, *ibid.* Thus some notion of utility is a central tenet of this strand of consequentialist thought, and the augmenting of utility is a goal to be pursued at either the individual or societal levels, or both. On an individual level, the enhancement of utility might involve the promotion or discouragement of certain types of behaviour or reinforcement of certain types of expectations. This individual action will in turn have positive effects at a societal level, increasing aggregate good.

At a wider level, other related ideas are also brought into play. Indeed, modern law and economics analysis, which can safely be considered a variant of traditional utilitarian analysis, has incorporated under the rubric of welfare economics notions like efficiency and fairness as criteria for assessing property laws and norms. In particular, efficiency as a criterion addresses directly the goal of maximizing total societal welfare. According to Stephen Munzer, efficiency moderates utility by helping to meet the objection that interpersonal comparisons of utility cannot be made; efficiency helps move the analysis forward not by allowing such comparisons, but rather, by giving another alternative standard for ranking, thus making both concepts useful for private property analysis. See Munzer, above note 29 at 202–5.

52 On this point see R. Cooter and T. Ulen, *Law and Economics* (Glenview, Ill.: Scott, Foresman, 1988) at 16–18. A process or industry is allocatively efficient if, given a certain amount of resources, the allocation of these resources will make society best off. In a specific market, this ideal allocation arises if any demand that exists for a product at a marginal cost is satisfied: i.e., where an industry produces amount of goods equal to demand. In classic diagram, this is the intersection point of supply and demand curves. Efficiency in these forms

decision will often come at the level of the initial allocation of the ownership right.⁵³ However, such arguments are also useful in designing the parameters of the copyright institution. For the purposes of this analysis, we need to ask what length of copyright term is efficient or effective in producing the optimal level of copyrightable works.

In the realm of copyright, therefore, a robust utilitarian analysis — i.e., one that tries to capture the productive goals of copyright — does seem to fit quite readily into the stated goals of finding the best configuration or distribution of property rights in intellectual resources generally and erecting effective specific copyright rules to further those aims. In the law of copyright, society wishes to promote and protect the creation of a variety of creative and useful works. The utilitarian approach recognizes the explicit goal in question, and asks how best to tailor the institution towards achieving these specific, accepted policy goals.⁵⁴ In each of these cases, what was previously a non-appropriable “public good,” such as an idea or a fact is fixed in a material form and subsequently allocated to an individual because of a benefit to society.⁵⁵ The appropriateness of such an analysis is increased in the domain of copyright — as well as in the other areas of intellectual property, patent and trade-mark — in part on the increasing marketability of copyright resources, especially software and telecommunications rights, and the growing tendency of right-holders to act economically to maximize these protections.

The idea of efficiency — both productive and allocative — helps us to understand copyright terms. Indeed, one might argue that copyright pro-

fosters a wider level of societal welfare. There are a number of contenders for the proper understanding of efficiency and overall societal welfare; each deals with different methods of analyzing trade-offs as between individuals and the attempts to provide an overall assessment of how aggregate utility has improved or deteriorated. Briefly, the three standards are Pareto-superiority (any change in positions as between individuals makes at least one person better off without making anyone else worse off), Pareto-optimality (a Pareto-superior position can no longer be achieved) and Kaldor-Hicks efficiency (Pareto-superior changes are allowed even where some might be made worse off where, in principle, those who are better off can compensate those who might be made worse off). For a discussion, see Cooter and Ulen, *ibid.* at 44–52 and Munzer, above note 29 at 198–202.

53 See my analysis in D. Lametti, above note 26.

54 See generally, Cooter & Ulen, above note 55 at 135–49.

55 A “public good,” in the pure sense, can be consumed without rivalry and which is non-exclusive and excludable. The classic example is national defence. Less-than-pure public goods are in part rivalrous and in part excludable: see generally Cooter & Ulen, above note 55 at 108–12.

tection fosters productive efficiency because it encourages the development of works by offering creators an economic incentive to create and by protecting those works with a species of property entitlement varying in time and intensity. Allocative efficiency, on the other hand, is placed to some extent in a dynamic tension with productive efficiency; once a work has been created the optimal *allocatively* efficient result is to have no intellectual property rules at all (since works can be transmitted at zero or low cost, especially given current technology). Therefore, any copyright rule actually distorts allocative efficiency. Put differently, it is productively efficient to encourage the creation of intellectual resources *ex ante*, but *ex post* allocatively inefficient to allow the entitlement-holder to charge a positive price for it. If this is true, much of the discussion around the justification of copyright rules will focus on fostering productive efficiency without too greatly diminishing allocative inefficiency. So for example the length of time protected by a copyright rule will balance incentives to create (productive efficiency) with a desire to make the exclusive use rights as short as possible (allocative efficiency).

Moreover, the idea that property rights are created and not natural — emblematic of the utilitarian approach — finds particular resonance in the realm of copyright and in the common law, statutory approach to copyright in particular. That is, it is the state that creates the property entitlement when it confers the patent monopoly, or protects and enforces the copyright or trademark regime. Utilitarian and efficiency analysis then assists in determining what types of rights should be protected, and how, and to what extent. It also helps assess what obligations or considerations ought to be given in return for this allocation of resources and rights. It is therefore not surprising that the pragmatism of utility and efficiency arguments seems to accord a great deal with what animates intellectual property norms trying to balance rights. Even in the history of copyright, the Statute of Anne initially accorded copyright to both publishers and authors in service of various goals: breaking an inefficient monopoly held by the Stationers Company, protecting authors (giving them incentive to create) but for the most part advancing the interests of booksellers, who were well-placed to distribute works to the greater public in an effective manner.⁵⁶ The

56 See generally, D. Vaver, above note 14 at 2–3; M. Rose, “The Author as Proprietor: *Donaldson v. Becket* and the Genealogy of Modern Authorship” in B. Sherman and A. Strowel, eds., *Of Authors and Origins* (Oxford: Clarendon, 1994) at 23.

common law history is thus one of pragmatic, consequentialist constructions of copyright laws pertaining to economic rights.⁵⁷

The advantage of the consequentialist approach is the balancing of interests that can be achieved when analysis is conducted carefully. One can take a variety of legitimate interests into account, measuring the persuasive weight of each right-holder's claim to some share of the resource. Obviously, creators are an important part of the analysis, and allocating a robust right to them creates some sort of incentive to create. But a public domain is also critical, as are other factors such as government support for research, educational, literary, artistic and musical contexts that encourage creation. Moreover, promoting overall efficiency also allows other factors to be considered, such as users rights (which spurs other forms of creation), the public benefit of the resource, and so on.

This approach, however, has its limitations. The standard criticism of utilitarian or law and economics arguments is that the assumptions about human nature upon which such theories are based are not necessarily persuasive in theory or self-evident in practice. This is no doubt true to the extent that actors do not always behave as self-interested, profit-maximizing individuals. Moreover, even though outside of their self-imposed parameters, utilitarian and efficiency arguments must nevertheless address situations where the optimal mix of consequentialist arguments does not adequately reflect what one might call justice or unjust enrichment arguments. In short, utilitarian arguments will not often be able to stand alone in a socially complex setting.

However, notwithstanding limitations, it remains true that a great deal of creative activity is spurred by economic, rent-seeking behaviour. The presumptive conclusions of a utilitarian analysis tell us that some protection is necessary to provide incentives to create, but too much protection is runs against allocative efficiency. It also tells us to look at the whole context — especially its economic aspects — in order to reach the most effective institutional design. For instance, are there other incentives present besides the copyright — a salary to a computer software designer, by way of example — that might compensate adequately without a copyright?

How do we fit rights-based and consequentialist analyses together? My sense is that the more the right in question is linked to the individual

57 The Civil law, as stated at the outset, is grounded in the natural rights concept of *droit d'auteur* and is markedly different. But even the Civil law's understanding of either property rights or (the economic rights of) copyright should not be seen as absolute.

author, the more weight ought to be given to personhood justifications. This will be especially true for works of high originality. Where the work is more a product for the market, the less it is supported by such analysis. Rather, a labour theory will support rights for works created by sweat, though they will be more circumscribed by the context on which the work was created and the severe limitations of labour theories. Thus such works will gain less protection in terms of time. Shorter terms are generally supported by utilitarian analyses, and are quite strong in market contexts.

Both limits to labour theories and utilitarian analyses support strong rights to fair use or dealing, though for different reasons. Labour theories do so because of the presumptive or inherent equality of authors and their access to common resources. Utilitarian theories do so because of the necessity of a robust intellectual common to the creative process.

4) Lessons From the History of Copyright

Space does not permit a full treatment of the history of copyright.⁵⁸ To the extent that some historical points have not been raised in previous sections, a few additional thoughts will have to suffice for the purposes of this essay.

The dominant history of copyright in Canada falls in line with the Anglo-American tradition. As alluded to above, this is a relatively utilitarian tradition, focused on balancing statutorily-based economic rights, but with a cautious pragmatic impulse to accord no more protection than is necessary. Within the context of this pragmatic impulse, there is care to protect, but not protect too much. Thus copyright's economic rights have always been limited, as set out in the statute. Even when a new process facilitates the reproduction of a work, courts will hesitate to call it copying unless it is clear that some form of copying actually has occurred.⁵⁹ Estey's dictum in *Compo* continues to ring true.⁶⁰ Copyright is first and foremost a balanced and pragmatic exercise that owes less to natural — and far from

58 I shall leave this for another day and forum. For a good, balanced and brief summary from a Canadian point of view, see S. Handa, *Copyright Law in Canada* (Markham, ON: Butterworths, 2002) c. 3.

59 *Théberge v. Galerie d'Art du Petit Champlain inc.*, [2002] 2 S.C.R. 336, <www.lexum.umontreal.ca/csc-scc/en/pub/2002/vol2/html/2002scr2_0336.html>, 210 D.L.R. (4th) 385, 17 C.P.R. (4th) 161, 285 N.R. 267, or *BMG Canada Inc. v. John Doe*, [2005] F.C.J. No. 858, 2005 FCA 193.

60 Above, note 50.

absolute — rights than it does cautious balancing of rights of authors, rights of users and other contextual factors.

And in this context, the copyright term is not sacrosanct. It started at fourteen years, and has increased since then. It was increased initially to buy more time for publishers, and later increasingly to protect creators. Under the influence of international treaties, it has further increased, but this is not to say that increases in length of copyright protection are always appropriate. Indeed, there even are some counter-examples: when, for instance, the resource was news information, the common law impulse accorded only a very brief right, either as a matter of case law⁶¹ or by statute.⁶² Similar arguments could be raised today, in the context of information on the internet.

Droit d'auteur is also present in the Canadian context in the sense of moral rights. As seen above, such arguments are closely linked to the individual and his personhood, and thus give some weight to an argument for natural rights of greater length. However, there are two points to be made here. First, the *droit d'auteur* tradition should not be understood as postulating absolute rights to authors.⁶³ Second, to the extent that the Continental tradition is more absolute, the history of *droit d'auteur* as it exists in *Canada* is one of grafting onto an existing common law structure. Thus the argument for rights of greater duration is of greater weight for non-economic, moral rights. By contrast, the treatment of economic rights as vividly seen relatively recently in *Théberge*, remains in the realm of a common law approach to copyright. While the *droit d'auteur* approach has tempered parts of copyright law in Canada, it certainly has not supplanted it. Thus the presence of enshrined moral rights in Canada has not resulted in a more absolute nature of copyright.

Thus these brief points from the history of copyright in Canada, which also ring true with the history of the practice of private property,⁶⁴ tell us

61 *International News Service v. Associated Press*, 248 US 215 (1918), <<http://caselaw.lp.findlaw.com/cgi-bin/getcase.pl?court=us&vol=248&invol=215>>.

62 Subscribing news services in Australia, which indeed funded the laying of a cable wire to that continent, were granted a twenty-four hour monopoly: see Lionel Bently, "Copyright and the Victorian Internet: Telegraphic Property Laws in Colonial Australia" (2004) 38 *Loy. L.A. L. Rev.* 71.

63 See P. Goldstein, *Copyright's Highway: From Gutenberg to the celestial jukebox*, (New York: Hill & Wang, 1996) at 171; J. Ginsburg, "A Tale of Two Copyrights: Literary Property in Revolutionary France and America" (1990) 64 *Tulane L. Rev.* 991 at 1005–6. See also S. Handa, above note 61 at 62–66.

64 The history of the practice of private property, in either the Common or the Civil law, cannot be understood in absolutist terms, despite rhetorical statements to

that rights over resources should not be mythologized as being absolute, prior to the state, and thus devoid of any limits or obligations.⁶⁵

5) Learning From Copyright's Context

The conclusion to be drawn from this discussion is that the substantive range of what is covered by copyright is too wide to be covered in a one-size-fits-all format. As it stands, copyright law covers rights that go to a person's worth, but that have new economic value, it covers economic rights for traditional works assessed by mainly aesthetic standards, it covers works such as computer software whose value — like that of a patent — comes from the functional uses which it allows or to which it is put. There are simply too many kinds of resources to render a uniform treatment plausible, coherent or justifiable. While some categorization of the different types of works that fall under copyright's umbrella is present in the Copyright Act, more differentiation is needed, and indeed the different kinds of copyright protection should be better tailored to this reality. This is especially true with regard to term of protection.

All this accords with the theory of property, the justifications for copyright, and the history of copyright. There is nothing sacrosanct in the term of copyright. It was simply seen as the just balance for rewarding authors as against users. There is nothing inevitable in its length, or in its ever-increasing term. Nor is there anything that says a uniform term ought to be applied to all types of works.

From the concept of property, we have seen that rights can vary from full-blooded ownership to much less powerful rights, that rights vary especially with differing resources or works, that no rights are absolute, and that user's interests must be accounted for. From the justifications for property as applied to copyright, we see that both individual and utilitarian justifications come into play with varying force, depending on the resource. We also see from property rules (and indeed from other areas of IP), that property rights can be lost through inaction, and that registration of important property rights — historically land and buildings — is the norm and not the exception. From the concept of copyright, we see a pragmatic impulse, stressing balance over absoluteness.

the contrary. Limits on private property, as well as obligations and duties have always existed: see D. Lametti, *The Deon-Telos of Private Property: Ethical Aspects of the Theory and Practice of Private Property* (D.Phil. Thesis, Oxford University, 1999) [forthcoming from McGill-Queens University Press] at c. 3.

65 D. Lametti, above note 19. See also J.W. Singer, above note 20.

A better approach to copyright generally and to copyright terms in particular would be to re-categorize the kinds of interests protected by copyright, according to their nature and justification, and then try to redefine the rights around these new sub-categories.⁶⁶ This will better effect the balance that the law of copyright is supposed to promote.

D. COPYRIGHT TERMS: A RE-SKETCH

In light of the previous analysis, it is my view that it is necessary to subdivide the intellectual resources protected by copyright and set terms accordingly. I would propose the following categories as a model for re-classifying copyright terms for discussion purposes. Of course, these same considerations as to category and method would also apply to a larger discussion of reforming copyright generally. The goal here is to provoke discussion of both categories and terms of protection.

1) Moral Rights: Attribution for Life; Integrity with Copyright

Moral rights most resemble what civilians call extra-patrimonial rights: rights of a non-economic nature closely attached to the person. They are the most intimately linked to the person of the creator and are most persuasively justified by personhood arguments. We know a Picasso because of Picasso and his persona; we know a great writer like Margaret Atwood, Graham Swift, or Ian McEwan or a popular one like Dan Brown through their books; and we can recognize a building by Douglas Cardinal, Daniel Liebeskind, or Norman Foster. Thus these rights attach most closely and coherently to traditional works, as they are the most closely identified with the identity or the persona of the author. As such, traditional works have the strongest claim to the longest period of moral rights protection, though this protection is limited in the *Copyright Act* to protecting attribution and integrity. Conversely, such rights would not apply to works such as software, which do not have identifiable link to the identity of the creator.

Given the link to *personhood*, moral rights should apply only to natural persons creating traditional works, or neighbouring rights of performance. The term of protection will be the strongest, but what is the appro-

66 One might also reconsider threshold concepts like “originality” under such an analysis.

appropriate length of term and as applied to which moral rights? With respect to attribution, moral rights should last at least the life of the author, given the close relation to the identity of the author. One would hope that in terms of fairness, one should always attribute to the source even afterwards. This is a form of intellectual or artistic honesty.

With respect to maintaining the integrity of the work, a similar argument could be made. A shorter period might be justified by the bringing into existence or reification of an object that can help inspire other works of art: we do not wish to preclude the possibility of postmodern works of art such as that created by Jeff Koons or Marcel Duchamp which are derivative or transformative. As it stands, the relatively objective test for mutilating a literary or musical work in Canada⁶⁷ is of such a high standard that few cases alleging damage to the integrity of the work will ever succeed. While the test for paintings and sculptures is more favourable to the creator, our history with moral rights in Canada thus far has not given cause for concern. Under these terms, the life of the author remains an appropriate time period for the duration of the right.⁶⁸

Given their link to the creator's identity, such moral rights need not be registered: the author's *signature* should be sufficient to trigger a moral right and should be sufficient to put users on their guard to not infringe on a creator's moral rights. Obviously, a registration system would help put users on guard, and perhaps make their efforts to identify works much easier.

2) Economic Rights in Traditional Works: Life of the Creator(s) When Held by the Creator(s), If Assigned Fifteen or Twenty-Year Term & Registered

Traditional works, for traditional reasons, comprise what we usually think of as the standard fare of copyright: literary, dramatic, musical and artistic works. They are also the most original in the lay sense of originality, and their creativity heightens identification with the author. As with moral rights, there is a close association between the author-creator and the cre-

67 Above, note 22 and works cited therein.

68 If the test were to be weakened (i.e. lowered such that the test tends to the subjective view of the first creator), the fear resides in potentially not allowing works to be parodied or used in ways that are different than what the author had envisaged subjectively, but which others might find quite useful, interesting or otherwise artistically valuable. Here one could construct an argument for a shorter period for protection, such as one that tracks the term of copyright associated with the specific type work, as are outlined in the following sections.

ated work. As such, there is a very persuasive set of justifications provided by personhood arguments for robust protection of the economic rights afforded by copyright. There are also quite strong labour-desert arguments at play, although these are limited by the rights of others to create, and by the imperative of maintaining the public domain.

In terms of incentives, a long period of protection might be justifiable, although one could argue that many creators of this nature would not put economic gain at the forefront. In any event it is difficult to assess what length would be appropriate on purely utilitarian grounds. However, the personhood arguments are of sufficient force that, subject to the protection of fair users rights in service of the public domain, one could argue for protection that is extensive.

Hence the case is sound for long-term, relatively robust protection for traditional works. Certainly, one could make a strong case for the present term or perhaps more logically the life of the creator. (In my view, none of the natural rights justifying private property (labour-desert or personhood) are sufficient to justify inheritance, a point recognized by others,⁶⁹ as the heirs have neither laboured on nor otherwise deserved the resource, and they have no closer identity link to the work than family pride. As such, any justification for inheritance must be done on utilitarian grounds, and it is very difficult to see any strong incentive argument here.) Or, one could have an initial lengthy period of protection, initiated by registration of the copyright, with a right to re-register for a similar or shorter period. More will be said on this point below.

However, much of the value of traditional copyright is held by corporations, buying copyright rights from individual or joint creators, so some balance has to be struck. While we all might like the idea of the son of the composer of a Christmas ditty in Nick Hornby's *About a Boy* living off the royalties of dad's opus, the reality is more akin to Walt Disney buying up cartoon and children's story rights and holding them over long periods of time. In such circumstances, the economic value to the corporation becomes the focal point, and corporations do need rights of such length to turn a fair or decent profit in the marketplace. While more empirical studies could and should be done, a normal business life cycle⁷⁰ akin to patents would be the most logical term for copyright in my view.

69 Most famously, see P.-J. Proudhon, *What is Property?*, trans. D.R. Kelley & B.G. Smith (Cambridge: Cambridge University Press, 1994) at 184–85.

70 What I mean here, in rather lay terms, is the period in which the average entrepreneur or investor would expect the resource to begin turning profits in order

Here then the argument is for a shorter term given this market reality. One could envisage a fifteen or twenty-year term, all of which is certainly sufficient on utilitarian or efficiency analysis to provide a strong incentive to create the work in the first place, and for the corporate copyright holder to exploit the ownership of the right on the market. In order to manage the right, a registration system would be required. Hence, one might also provide the right to extend the term once, through the registration mechanism.

My preferred solution mixes both of these. That is, the idea involves two different terms of protection for traditional works based on the holder: the creator has a lifetime right, and if she decides to alienate that right, the acquirer then obtains a twenty-year right. Once the term is complete, the work would return to the public domain. We could also consider a one-time right to renew the term; if adopted I would recommend terms — both initial and renewed — of fifteen years.

For the sake of the present round of Canadian copyright reform, with respect to photos, this solution would be intuitively plausible: the right is longer when held by the photographer, and shortened when alienated to a third party.

A registration system would simplify all of the above for the user wishing to know what is covered. As it now stands, many works that would otherwise be useful remain in the private sphere far too long. Lawrence Lessig has made sound arguments for a registration requirement generally,⁷¹ and they are consistent with the argument thus far for any economic right. Regarding traditional works, however, I would be inclined to keep an automatic protection for the life of the author, giving greater weight to personhood concerns for these kinds of works than perhaps Lessig would. The registration system could then be required for cases where there is alienation to a third party. Admittedly this is a more complex solution than not requiring registration, or indeed forcing everyone to register, but given that the non-registered copyright holders will always be the actual creator, I do not believe that the idea of having some registered and some unregistered *traditional* works will be too difficult for users to manage. In any event, if pushed, I would be inclined to support registration for all traditional works. As Lessig has pointed out, and as has been shown with the Quebec initiative with a register for movable property and other

to recoup and in initial investment. My understanding is that this period is relatively short — say, ten years — but I am suggesting terms that err in favour of the creator or copyright holder.

71 Above note 10 at 250–52.

rights, a registration system can be affected electronically, inexpensively and relatively efficiently.⁷²

3) Economic Rights in Neighbouring Rights: Fifteen or Twenty Years and Registered

Neighbouring rights present a difficult sub-category. In some respects they are closely identified with the author (think of performance rights and sound recordings) thus attracting the support of personhood arguments and, to lesser extent, labour-desert arguments. However, telecommunications rights do not have the unique identification with the creator that do either traditional works or neighbouring rights of performance, and indeed, sound recordings lose some of the link to the identity of the artist when they are placed in the hands of a large corporation. (In any event, the traditional copyright in the song, its words and its music, still subsides in any event.)

Turning to efficiency-incentive arguments, we are in an area of uncertainty where more empirical data and analyses regarding optimal term length might be useful. Once again though, in intuitive terms, a shorter time period more akin to a business profit cycle would be more defensible.

Again I would argue for a twenty-year term and a registration requirement; if renewable, once, then I would shorten the initial and renewal periods to fifteen years.

4) Database/Facts and Information Products: Higher Threshold, Shorter Protection

Information products have been the subject of much litigation, and have put the focus on the battle between the so-called sweat-of-the-brow and creativity justifications for copyright as they regard the threshold question of the degree of originality required to attract copyright protection. The recent decision in *CCH* attempts to bring both positions into the fold. Hence, in principle, we know that the standard of originality is something more than sweat, something less than creative imagination;

72 Above note 10 at 251; for the Quebec registry, see: <<http://si2.rdpdm.gouv.qc.ca/rdprmweb/html/registre.asp?sMenu=RDPRM>>

while the standard is higher than sweat, how much higher or in what cases higher is still unclear.⁷³

We also know that such information products are often comprised of facts and data, not original in the lay sense, but certainly economically valuable and useful generally. The phone books, yellow pages and enhanced legal judgments that form the stock of the legal cases thus far rendered⁷⁴ are important and necessary repositories of data. We want to encourage their production. On the other hand, their importance as facts and data is necessary to ensuring a robust public domain. It is also important to understand that these works are now often scrupulously protected by technological means.

In these areas, personhood justifications are absent as there is little or no identification with a natural person. Labour arguments are more weighty — sweat and all — but as seen, they suffer from drawbacks and limitations. As outlined earlier, labouring to create a database might be financially compensated in other manners, such as the granting of the telephone monopoly that accompanies the printing of the white pages directory. Moreover, the labouring does not account for the nature of the information: its necessity to the general public, its usefulness in spurring other sorts of creative activity, and so on. Hence the rights-based justifications are less strong than one might otherwise think in an area perhaps most typified by labour. We then must rely on utilitarian considerations of balancing incentives and returns, such that products have sufficient protection, but no more than necessary.

Much has been written on database protection already, and the question of a different measure of protection for databases is becoming resolved in the affirmative position. Some attempts for database have been initiated, such as the European Database Directive,⁷⁵ providing for a shorter, though renewable, period of protection. The problem here is that by allowing renewal when the database is changed, the door is opened for perpetual protection (akin to the problem of evergreening in patent protection). While this might

73 See the works in this volume on originality.

74 See e.g., *Feist Publications Inc. v. Rural Telephone Service Co.*, 449 U.S. 340 (1991), <www.law.cornell.edu/copyright/cases/499_US_340.htm>, 111 S. Ct. 1282; 113 L. Ed. 2d 358 (1991), *Tele-Direct (Publications) Inc. v. American Business Information, Inc.*, [1998] 2 F.C. 22, <<http://reports.fja.gc.ca/fc/1998/pub/v2/1998fc21425.html>>, [1997] F.C.J. No. 1430 (C.A.), and *CCH*, above note 5.

75 Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases, <<http://europa.eu.int/ISPO/infosoc/legreg/docs/969ec.html>>.

be justified in the sense that the database is being upgraded and maintained — a good thing to be encouraged — perpetual protection of facts can harm the public domain and stifle competition in the marketplace.

Given the nature of the resource, facts and data, and the fact that such data can be so well protected during the span of copyright protection period, I would therefore argue for a relatively short period of protection, say five to ten years, with one renewal period of five years. Five to fifteen years should provide for a sufficient economic incentive and return for compilers. Indeed in this information age, with technological protection measures to protect databases, it should be more than sufficient. Indeed merely the pace of technological change makes a period of five years probably sufficient in terms of planning one's rate of return on investment.

5) Software and Multimedia Works

There has now been a relatively long trend to protect software under copyright rules⁷⁶. While this is erroneous in my view — it attempts to value software for its static quality instead of its dynamic value,⁷⁷ equating codal language to a language of expression in the artistic sense — it is a trend that we will have to live with: copyright protection for software is ensconced in the TRIPS agreement and domestic copyright law worldwide is complying.⁷⁸

The practical effect of copyright protection for software is to protect software code for a period much longer than its effective period of use (and period of market recompense for owners): copies of WordPerfect 3 and Windows 3.1 are still covered by copyright. However, in copyright infringement cases, jurisprudence has responded to this overprotection by protecting only what is original in a piece of given software.⁷⁹ Indeed, once a feature — pull-down menus for example — becomes the industry stan-

⁷⁶ See above note 24 and accompanying text.

⁷⁷ It should be noted that attempts to expand copyright protection to the functional aspects of code were initially accepted in the US, but were later overruled because to do so would amount to granting patent-like protection. Thus, there is an accepted divide — copyright protects the creative, nonfunctional aspects of software while patents are sought to protect the function. On this subject, see generally: K. L. Durell, "Intellectual Property Protection for Computer Software: How Much and What Form is Effective?" (2000) 8 Int. J. of L. and Information Technology 231.

⁷⁸ Above note 7 at s 3.1(h).

⁷⁹ See above note 23 and accompanying text.

dard, it is difficult to see how anything more than literally copying the actual lines of code in the original can be protected by copyright rules.

The problem with software is that unlike the either traditional copyright or the patent bargain which puts the new technology into a fuller view before protecting it for twenty years, with software, the underlying base code is protected from copying. Technological protection further isolates the software from access. Obviously code can be reverse-engineered, but this takes more of an effort, and most of us are incapable of doing this. As Lessig has pointed out, there is not access to the work in the same way in as there is in traditional copyright — we still get to read the *Virginia Woolf* covered by copyright⁸⁰ — or indeed patent, where the teaching is registered. And, as mentioned, copyright comes with a very long period of protection, extending many times beyond the useful life of the software. The counter-balancing needs of the public domain seem to me to be of paramount import here, since software serves as a platform for other kinds of software development, as are patents for other patents. One should be able to work with code freely for the purposes of creating new software products, as copyright protection has already worked protection for the original programme against copying.

To the extent that we will have to live with copyright protection of software, at least in part and for a long while, it is worth asking the same sorts of questions that we asked above: what justifications apply in context? While there is much labour expended in software development there is little association with an individual. We think of Bill Gates and Steve Jobs more as corporate magnates than as creators, as much as they would have us think otherwise. Indeed, most software is developed in a team setting, and copyright held by corporations. Thus while labour is expended, it is undertaken in a context where most of the actual developers are already being remunerated, and the corporate holder-employer has no strong link to the identity of the creators. In terms of incentive, the high-tech market is such that software becomes outdated rather quickly. Even with this obsolescence, software is produced and developed, with profit expectations in the months or a few years at most. Here we can clearly look to the market for guidance.

At the very least, we should have a different term of protection for computer software that makes code accessible after a much shorter period. The term would have to be sufficient to give software developers time to make their profit: perhaps a three-year period, with renewal once. Here

80 Above note 10 at 252–53.

registration would also be necessary to provide clarity for the user. Lessig has generously suggested five years, renewable once.⁸¹ This is fairly long term of protection for software in my view, but it is definitely preferable to the present state of affairs.

Multimedia works are complex of a variety of reasons.⁸² Here too, a short period is preferable, given the pace of change of the technology market: three years, renewable once, seems intuitively right, but empirical studies would also be useful here. Where a multimedia work allows for user interaction, some allowance has to be made for the user's contribution to the software. User's rights have to be clearly identified and their scope defined, no doubt via a licensing scheme, and here the copyright holder should have the burden of clearly defining the scope in which users can modify the software.⁸³

6) Fit with Other Copyright Reforms

Of course, no changes in length of copyright terms can be undertaken in a vacuum. These reforms must fit with other copyright reforms focusing on technology, fair use and dealing, originality, damages for infringement, and so on. Terms can be increased or decreased depending on overall policy goals and interaction with other reforms. For example, robust fair dealing provisions would allow for longer copyright terms, given that the public domain and users' rights are better protected in the fair dealing context.

As it stands, given the Canadian trend for relatively weak fair dealing provisions and technological protection — notwithstanding *CCH* — a shorter term represents one way to help users and the buttress the public domain.

Moreover, the considerations and lessons identified in this paper from the concepts of property and of copyright, from the discourse of justifications, ought to be applied in other areas of copyright reform: differentiating works, and tailoring tests and rights accordingly. The standard of

81 *Ibid.* at 253.

82 See generally I. Stamatoudi, *Copyright in Multimedia Works: A Comparative Analysis* (Cambridge: Cambridge University Press, 2002).

83 Once again, one needs to keep in mind the issue of technology and licensing agreements effectively giving rights beyond the terms granted by copyrights. Care needs to be taken to fashion rules and terms that also prevent license agreements from according copyright-like rights that are more robust than the statutory rights accorded by copyright.

originality, for example, need not be the same for traditional works as for software or information products for example. And the rights protected by copyright in each case might very well differ.

E. CONCLUSION: THE TERMS OF COPYRIGHT

Copyright law has now evolved in such a way that it covers many types of disparate works, each with a different history, justification for protection, importance in the world of art, ideas or software development, and impact on others. The law of property, under any legal system, treats different objects of property differently in terms of the rights and obligations bound up with each resource. Lawyers and laypersons have no problem working with such categories. Thus, there is no logical reason in the world except perhaps convenience to “harmonize” copyright terms across the board of all “works.”

Rather the opposite is true. We should classify the objects of copyright protection and decide the length or protection necessary to balance fairly all the competing interests found in the particular context of that particular object of copyright. Moreover, we could impose registration requirements, something that property systems do for important resources, such that they are secure, their owners can be identified, and can be used as collateral for secured lending.

It is clear that such a reform would add another layer of complexity to copyright law. However, it would not be overly complex, in my view, and certainly would not be impossible to administer in the face of modern technology. It would accord better to justifications for copyright, and it would be in line with private property law’s treatment of resources. As copyright law gets ever more valuable, such changes will surely come. We should start thinking of them sooner in Canada, rather than later, as leaders rather than as followers.

Use of Copyright Content on the Internet:

Considerations on Excludability and Collective Licensing

Daniel J. Gervais

A. INTRODUCTION

The Internet has been a catalyst for problems latent within the copyright system. Among the questions that can no longer be swept under the policy carpet, one could mention whether copyright should protect certain kind of works; what the proper originality standard should be (and whether it would be better to have a uniform international standard); whether it makes sense to grant copyright protection in the form of right “fragments” delineated by the technical or physical nature of the use made of a protected work (a copy, a performance, a communication by wire or “Hertzian waves,” a transmission, an adaptation, etc.);¹ the related question of which uses of protected works should constitute an infringement of copyright; and last but not least, which uses should be licensed and by whom. This last question has taken a very high profile in recent years in the face of the rightsholders’ recalcitrance to license many mass uses on the Internet.

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- 1 Because digital technology usually requires a reproduction in order to communicate, perform or transmit, and possibly an adaptation or creation of a derivative work, this “nature-of-the-use” approach which means that a single use may in fact require an authorization under several rights fragments or headings. I recently suggested refocusing the copyright rights away from the technical nature of the use made and towards the effect of the use on the copyright holder’s market. See Daniel Gervais, “The Reverse Three-Step Test: Towards a New Core International Copyright Norm” (2004) 9 *Marquette Intel. Prop. L. R.* 1, <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=499924> [Gervais, “The Reverse Three-Step Test”].

At a more basic level, the question is essentially to determine for whom and in what circumstances should copyright prevent the use of material available on the Internet. To put the question differently, under what circumstances should a copyright holder have a right to exclude others from using her copyright work on the global network? This is the question I wish to examine in this chapter. The underlying hypothesis will be that policy analysis concerning copyright and other intellectual property rights is shifting because those rights are now facing a number of opponents, in most cases for the first time on that scale. Those opponents are other *rights*, including privacy. Clearly, copyright is not or no longer a closed system with exceptions looping back to a set of exclusive rights in which an appropriate equilibrium in the regulation of knowledge creation and dissemination was supposed to be reached. Inescapably, broader societal issues now form part of the equation.

I will begin the analysis in section B with a brief look at the history and purpose of copyright. In section C, I consider more specifically the intersection of copyright with the private sphere of users. In section D, I consider possible solutions, bearing in mind that the stated purpose of this book is to provide tools and thoughts on the ongoing copyright reform process.

B. A BRIEF LOOK BACK

The first copyright statute in the United Kingdom,² which was used as

2 Prior to the *Statute of Anne*, 1710, 8 Ann., c. 19 (Eng.), there had been no copyright proper. Artists in classical Greece and the Roman Empire did not seek personal attribution, and it was common to identify someone else (a teacher, a famous person) as the “author.” During the early and middle Middle Ages (approximately from the 8th to the 12th century), almost all artistic works were created in Europe under the patronage of the Roman Catholic Church, which became de facto the owner of all “works.” Michelangelo was one of the first artists under Church patronage to insist on personal attribution. The insistence of the personal role of the author and the recognition of the link between authors and works is mostly a child of the Enlightenment, with, e.g., Kant’s (and later Hegel’s) view that the author infused his or her will into the work. See Harold C. Streibich, “The Moral Right of Ownership to Intellectual Property: Part I - From the Beginning to the Age of Printing” (1975) 6 Mem. St. U. L. Rev. 1; Dan Rosen, “Artists’ Moral Rights: A European Evolution, An American Revolution” (1983) 2 Cardozo Arts & Ent. L.J. 155; Cheryl Swack, “Safeguarding Artistic Creation and the Cultural Heritage: A Comparison of Droit Moral Between France and the United States” (1998) 22 Colum.-VLA J.L. & Arts 361.

a basis for the 1921 Canadian *Copyright Act*,³ many parts of which have survived to this day, was essentially a privilege granted by the Crown to authors and publishers to prevent reuse by other publishers.⁴ It seems to have been derived from a previous act designed to limit publications to authorized publishers.⁵ From its inception, copyright was thus a “professional right”: a right used by professionals against other professionals. In fact, until the 1990s, copyright law and policy was aimed at professional entities, either legitimate ones such as broadcasters, cable companies or distributors; or illegitimate ones such as makers and distributors of pirate cassette and later CDs. In most cases, these professionals were intermediaries with no interest in the content itself (i.e., they could have sold shoes instead of music or books).

Copyright remained a right to prevent professional copying for a significant amount of time. A right to “perform in public” was added when authors of theatrical plays and music realized that selling sheet music or copies of their plays represented only a small fraction of the commercially relevant use of their works. Incidentally, this is also the time when copyright collectives were formed.⁶

The pre-Internet history of copyright and authors’ rights during the twentieth century was essentially that of the adaptation to new forms of creation (e.g., cinema) and, more importantly, of new ways to disseminate copyrighted works (radio, then television broadcasting, cable, satellite). Canada’s Act piggybacked on foreign and international developments un-

3 *Copyright Act, 1921*, S.C. 11-12 Geo. V. c. 24; modified by *Copyright Act Amendment*, 13 & 14 Geo. V, c. 10, (1923) (Entered into force 1 January 1924); 27 Gaz. C. 26, 2157. The Canadian Act is clearly a common law-based statute (see *Théberge v. Galerie d’Art du Petit Champlain inc.*, 2002 SCC 34, <www.lexum.umontreal.ca/csc-scc/en/pub/2002/vol2/html/2002scr2_0336.html>, [2002] 2 S.C.R. 336 [Théberge cited to S.C.R.] at paras. 62–69).

4 Certain commercial entities waited to see which books were selling well and then started to copy them. This created a free-rider system, which was rather inefficient from a commercial standpoint: publishers had little incentive to invest in the publication of new books and authors were suffering from the narrow bandwidth for the dissemination of their books. This “free” and rather raw capitalism thus led to a market failure in the book trade that had to be regulated.

5 This is the argument made in L. Ray Patterson and Craig Joyce, “Copyright in 1791: An Essay Concerning the Founders’ View of the Copyright Power Granted to Congress in Article I, Section 8, Clause 8 of the U.S. Constitution” (2003) 52 Emory L.J. 909, <<http://ssrn.com/abstract=559145>> at 916.

6 See Alana Maurushat and Daniel Gervais, “Fragmented Copyright, Fragmented Management: Proposals to Defrag Copyright Management” (2003) 2 Can. J. of L. & Tech. 15, <http://cjlt.dal.ca/vol2_no1/pdfarticles/gervais.pdf>.

til fairly recently. From 1924 on⁷ we lived with the 1911 British Act.⁸ For a significant part of the current Canadian Act, we still do. Britain itself was an early member of the *Berne Convention*,⁹ and thus influenced by the development of international norms.¹⁰

At the international level, new categories of works were added to the main copyright treaty, namely the *Berne Convention*,¹¹ when they fit two criteria: (a) belonging to the vast category of literary and artistic creation; and (b) being original. Originality, though formally defined neither in the *Berne Convention* nor in the 1994 WTO *TRIPS Agreement*,¹² is understood in the context of those two instruments to refer to intellectual creations. In other words, works that involve creative choices, that is, choices made by the author(s) that are not dictated by the function of the work, the method used to create the work, or applicable standards.¹³

7 S.C. 1921, c. 24. The 1921 Act entered into force on 1 January 1924. See the *Copyright Amendment Act*, S.C. 1923, c. 10, s. 5. Prior to 1924 various British Acts were in force in Canada. See *Smiles v. Belford* (1877), 1 O.A.R. 436, [1877] O.J. No. 20 (C.A.).

8 *Copyright Act 1911* (UK), 1 & 2 Geo. 5, c. 46 (Eng.).

9 The UK was one of the first members of the “Berne Union,” i.e., countries party to the *Berne Convention* (see next note), which it joined on 5 December 1887.

10 Britain was generally alone as a common law jurisdiction during the early evolution of the Convention, which tended to reflect the natural law-based “authors’ rights” tradition (see above note 2). For example, the list of countries that originally joined in 1887, apart from the United Kingdom is as follows: Belgium, France, Germany, Italy, Spain, Switzerland and Tunisia. See WIPO, *Centenary Of The Berne Convention 1886–1986* (Geneva: WIPO, 1986).

11 *Berne Convention for the Protection of Literary and Artistic Works*, 9 September 1886, as last revised 24 July 1971, 25 U.S.T. 1341, 828 U.N.T.S. 221, <www.wipo.org/treaties/ip/berne/index.html> [*Berne Convention*].

12 *Agreement on Trade Related Aspects of Intellectual Property Rights Agreement Establishing the World Trade Organization, Annex 1C: Agreement on Trade-Related Aspects of Intellectual Property Rights*, 15 April 1994, 33 I.L.M. 81 (1994), <www.wto.org/english/docs_e/legal_e/27-trips_01_e.htm> [*TRIPS Agreement*].

13 See Daniel Gervais, “The Compatibility of the ‘Skill and Labour’ Originality Standard with the *Berne Convention* and the *TRIPS Agreement*” (2004) 26 *Eur. Int. Prop. Rev.* 2, [Gervais, “Skill and Labour”] at 75–80. A simple rule of thumb is to ask whether two authors put in the same situation would create the same work. Photography acted as a developer of this issue (see Margaret Ann Wilkinson & Charles A. Painter, “Shifting the Balance of Copyright Control for Photographic Works in Canada” (1999) 13 *I.P.J.* 353). Are photographs original? After all, the photographer merely captures what is in front of her, doesn’t she? In some cases, that is true. Many amateur snapshots may not involve creative choices. The same may be said of technical photography (e.g., pictures of cells for a biology journal; pictures of a painting for a museum catalog (see *Bridgeman Art Library, Ltd. v. Corel Corp.*, 25 F. Supp. 2d 421 (S.D.N.Y. 1998); and 36 F. Supp.

The works “sphere” also grew by analogy. Ensconced in the belief that copyright should not depend on the aesthetic value of the work or on a determination of the literary merit,¹⁴ which would have opened the door to indirect censorship, copyright policy makers eventually had to agree that computer programs should be analogized with literary works, and then databases to “collections” of works.¹⁵

The rights sphere grew along similar lines. Playwrights and authors of music obtained rights in respect of the live performance of their works by arguing that this was their main economic use (as opposed to reproduction of copies of their works on paper). When radio was invented, those same live performances (mostly of opera and music) were then broadcast directly to the homes of listeners. These people did not attend the live performance and the existing copyright rights did not apply. But broadcasters were making commercial use of the material (comparable to the use made in theatres or concert halls). It was quite logical then, to extend the right of public performance to the “communication” by Hertzian (radio) waves. It was only a small step after that to add television, and later communication by cable and satellite. The result of this historical process is the bundle composed of “copyright rights” we find in section 3 of the Act and most other national copyright laws.

2d 191 (S.D.N.Y. 1999)). But professional photographers do make several creative choices: the angle, the lighting, the filters, the speed, etc. (see, e.g., *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 60 (1884)). They may also have arranged the scene (see *Ateliers Tango Argentin Inc. v. Festival d'Espagne & d'Amérique Latine Inc.* (1997), 84 C.P.R. (3d) 56 (Que.Sup.Ct.); [1998] J.Q. 4870.

14 See Daniel Gervais, *La notion d'œuvre dans la convention de Berne et en droit comparé* (Geneva: Librairie Droz, 1998).

15 **This expansion is visible in international norms.** The *Berne Convention* (Art. 2(5)) only refers to collections of literary and artistic works. Art. 10 of the *TRIPS Agreement*, which also confirmed that computer programs were to be treated as literary works, states that “(2) **Compilations of data or other material, whether in machine readable or other form, which by reason of the selection or arrangement of their contents constitute intellectual creations shall be protected as such.**”

There is a double expansion there: first collection is replaced with the arguably broader concept of compilation (which does not seem to require a similar level of connection among the elements in the “compilation” as one might expect to find in a “collection”); second, while *Berne* only applies to collections of works, here compilations of data are said to be protected. The *Berne* originality test is used quite clearly however. Compilations must be original in the sense of being intellectual creations that require creative choices in the selection or arrangement of their contents. See Gervais, “Skill and Labour,” above note 13 and accompanying text.

Clearly, the rights contained in section 3 of the Canadian Act are not very useful in mapping out many aspects of use on the Internet.¹⁶ Copyright fragments have lost their meaning to users and rightsholders alike. Contracts and licensing arrangements for copyright works do not usually base themselves on the specific rights fragments;¹⁷ instead, they define the “use” that should be allowed. In other words, the use of a work on the Internet operates in some respects as a fiction *vis-à-vis* the Act.¹⁸

The net result of this evolution is that the Internet is regulated by analogy with an analogy. Communication on the Internet is considered to be analogous to a communication to the public, itself analogous to a public performance. That analogy, however, overlooks a fundamental difference. In the case of broadcasts, the *intermediary* (i.e., the broadcaster) is responsible both for the technical operation of getting content to end-users and

16 See Michael A. Einhorn & Lewis Kurlantzick, “Traffic Jam on the Music Highway: Is it a Reproduction or a Production” (2003) 2 Review of Network Economics 10, <www.rnejournal.com/articles/Einhorn_mar03.pdf> at 11 (“Since these rights are controlled by different parties and agents, the complexity of the system leads to a gridlock of control that may hinder development.”).

17 A contract to allow webcasting normally refers to the function of broadcasting, independently of whether a communication to the public, one or more reproductions, or adaptations may take place. The problem is that rights ownership is still by and large (especially in the area of collective management), owned by different entities based on the rights, not the functions. While a single economic transaction should take place, several legal transactions are involved. See A. & B. Kohn, *Kohn on Music Licensing: 2000 Supplement*, 2d ed. (New York: Aspen Law & Business, 2000) at 398–99.

18 A “multi-media work” is subdivided into the various components such as sound, image, photograph, or software program where rights clearance is required for each consequent subcomponent. Uses are broken down into specific “rights” as defined within the legislation. To do so, uses must be analogized to other categories within the Act. See Michael A. Einhorn & Lewis Kurlantzick, above note 16 at 10 (“At least four distinct rights are implicated in the use of any piece of recorded music in digital audio”) and Mark Lemley, “Dealing with overlapping Copyrights on the Internet” (1997) 22 Dayton L. Rev. 548 at 565–66. (“Consider the case of an individual who provides an “Internet radio” service to subscribers, selecting and sending digital versions of recorded songs via the Internet in real time. If this individual transmits a copyrighted song, what copyright violations have occurred? He has made a copy of the song in his computer by loading the song in the first place, violating the reproduction rights of both the owner of the musical composition copyright and the owner of the sound recording copyright. He has also caused additional copies of the song to be made in the computers of each of the recipients, constituting more violations of each right. If fixation in RAM is sufficient for copyright infringement, he has made or caused to be made a minimum of seven copies, and more likely a few dozen, for each recipient of the service. Again, each of these copies potentially violates the rights of two different copyright owners.”).

for selecting the content. Even cable companies select the channels they carry and often add channels of their own. On the Internet, the function is split, and this is, I suggest, the cause of a deepening malaise. In the vast majority of cases, ISPs do not select content. Instead, they merely provide the means to get content from one point to another. The point of origin may be a professional content provider, but it may also be another “user.” When broadcasters were analogized with theatre and concert hall operators, the analogy held because both were making a professional use of copyright content. On the Internet, individual end-users have become “content providers” but they are not professionals. Still, rightsholders who analogize themselves to professional content providers have no hesitation to apply copyright, a hitherto purely professional right, to individual users. And that is when and why the tension emerged.

Indeed, that analogy may have induced a truly fundamental shift. While historically it is clear beyond cavil that copyright was a tool designed to support contractual relations between professionals (authors, publishers, producers, broadcasters, etc.) or to fight professional pirates, it is now used as a legal tool that rightsholders have turned against *end-users*, including consumers.¹⁹

Rightsholders want to use the copyright tools at their disposal for a dual purpose: (a) ensuring that end-users pay the fee for the material they use (which they see as including forcing users to get access only through authorized sources); and (b) preventing the transmission of the material by those “end”-users to other users (in other words, preventing them from becoming intermediaries). On the other side, individual users want to harness the enormous capabilities of the Internet to access, use and disseminate information and content. Thus, the demand created is huge and ever increasing.²⁰

19 See Press Release, Recording Industry Association of America, “Recording Industry Begins Suing P2P File Sharers Who Illegally Offer Copyrighted Music Online” RIAA (8 September 2003), <www.riaa.com/news/newsletter/090803.asp>. See also John Borland, “RIAA sues 261 file swappers” CNET News.com (8 September 2003), <http://news.com.com/2100-1023_3-5072564.html>; and John Borland, “RIAA files 80 new file-swapping suits” CNET News.com (30 October 2003), <http://news.com.com/RIAA+files+80+new+file-swapping+suits/2100-1027_3-5099738.html>.

20 Richard Stallman wrote a perceptive piece in 1996:

The Internet is relevant because it facilitates copying and sharing of writings by ordinary readers. The easier it is to copy and share, the more useful it becomes, and the more copyright as it stands now becomes a bad deal.

This analysis also explains why it makes sense for the Grateful Dead to insist on copyright for CD manufacturing but not for individual copying. CD production works like the printing press; it is not feasible today for ordinary

Internet technology has responded to this huge pull not only by providing the initial adequate technological means but also by responding to legal barriers. It has thus far effectively provided means to circumvent legal challenges: close Napster and peer-to-peer (P2P) emerges. Try to shut P2P down, as was done in the recent wave of subpoenas and lawsuits against individual file “sharers” in the United States,²¹ and quite predictably another technology surfaces: anonymous file exchange systems, thus defeating any subpoena served on the ISP.²² Because ISPs will not know the identity of users who are exchanging music files, subpoenas will be ineffective. In a similar vein, if a way is found to block music files, software that disguises the music content will be invented.²³ The lesson I suggest we draw from this series of events is a simple one: copyright was not meant

people, even computer owners, to copy a CD into another CD. Thus copyright for publishing CDs of music remains painless for music listeners, just as all copyright was painless in the age of the printing press. To restrict copying the same music onto a digital audio tape does hurt the listeners, however, and they are entitled to reject this restriction.

We can also see why the abstractness of intellectual property is not the crucial factor. Other forms of abstract property represent shares of something. Copying any kind of share is intrinsically a zero-sum activity; the person who copies benefits only by taking wealth away from everyone else. Copying a dollar bill in a color copier is effectively equivalent to shaving a small fraction off of every other dollar and adding these fractions together to make one dollar. Naturally, we consider this wrong. By contrast, copying useful, enlightening or entertaining information for a friend makes the world happier and better off; it benefits the friend and inherently hurts no one. It is a constructive activity that strengthens social bonds.

Richard Stallman. “Reevaluating Copyright: The Public Must Prevail” (1996) 75 Or. L. Rev. 291, <www.gnu.org/philosophy/reevaluating-copyright.html>.

21 *Ibid.* For a discussion of similar lawsuits in Canada see below note 41 and accompanying text.

22 See *Recording Industry Association of America v. Verizon Internet Services* (2003), 351 F.3d 1229 (D.C. Cir.) <www.dcd.uscourts.gov/03-ms-0040.pdf>, cert. Denied 125 S.Ct. 347 (US Sup. Ct. 2004) [RIAA]. CNet reported the increasing use of proxies to ensure the anonymity of file-sharers. See John Borland, “Covering tracks: New Privacy Hope for P2P” *CNET News* (24 February 2004), <http://news.com.com/2100-1027_3-5164413.html>. Another example is programmer Wyatt Wasicek, who has created a program called AnonX that masks the Internet address of people who use file-sharing programs such as KaZaa. Wasicek promises not to divulge his 7,000 users’ Internet addresses, and believes he cannot be forced to do so. See Associated Press, “Angry with RIAA tactics, programmer creates mask for file-sharers” *SiliconValley.com* (11 February 2004).

23 Regularly, new technologies that promise to stop P2P sharing of copyrighted material (such as Audible Magic) emerge, usually with some concerns about pri-

to exclude use by individual end-users, and trying to make it fit that job description is unlikely to work, and, from a historical point of view, denatures the underlying policy.

The growth of the sphere of copyright norms was economically justified and understood by professionals because of the need to organize the market for copyright works and the related financial flows among all the professionals involved. Whether those professionals internalized these “business” norms was not crucial. Business entities comply with the law often as a simple risk assessment calculus. However, in bringing copyright into the millions of private spheres of individual Canadians, the need to align the legal norm with an underlying moral imperative, one that would make the rule fair and justified, has surfaced with a vengeance.

Many Internet users apparently do not agree that their file-sharing behaviour is morally wrong. They do not consider that they are “stealing,” infringing the Decalogue’s direction “Thou shalt not steal.”²⁴ In fact, their cyberspace behaviour has shaped a new social norm of creating multiple links, by email, in chat groups, blogs or other Internet tools, with people with whom they share certain interests.²⁵ This is reinforced by the structure of hyperlinks, which allows users to “intuitively” follow their train of thought. If that technology and mode of interaction is to be developed, it requires more access, not more roadblocks. In a world where millions of Internet users are paying for high-speed to avoid having to wait to access material, a refusal to grant access because of a prohibition to use based on copyright is unlikely to be well received and accepted.

Not only is using copyright as a tool to prohibit use on the Internet risky behaviour from the fairly straightforward historical perspective of the purpose of copyright, namely the regulation of the interaction between professional actors responsible for the creation, publication, production and dissemination of works of the mind, but it also does not seem rooted in a moral imperative. Quite the opposite: it clashes with strong social norms that have developed specifically because of the informal, intuitive and global nature of the Internet.

vacy. See John Borland, “File-swap ‘killer’ grabs attention,” *CNet News* (3 March 2004) <http://news.com.com/2100-1025_3-5168505.html>.

24 See below note 69.

25 See Howard Rheingold, *Smart Mobs: The Next Social Revolution* (Cambridge: Perseus Books Group, 2002) at 51–61; see also Cass Sunstein, *Republic.Com* (Princeton, NJ: Princeton University Press, 2002) at 103.

C. EXCLUDABILITY AND THE PRIVATE SPHERE

1) Copyright's Foray in the Private Sphere

Maximizing rightsholder revenue (if that is what copyright actually does — one can query the results in cases such as music licensing for Internet use²⁶) is not a right *per se*. The instrumental nature of intellectual property, a pillar of recent Supreme Court decisions,²⁷ focuses on social welfare impacts and revenue generation must thus be confronted with other equally important objectives and rights, especially when access to knowledge, information and culture is at stake.

As I have attempted to demonstrate, the commercial and public relations cost of trying to apply copyright against individual end-users illustrates a simple fact: it is not what copyright was meant to do. The history and underlying policy objectives of copyright indicate that it is a right to be exercised by and against *professionals*. Copyright was used to *regulate and organize* markets when a new form of dissemination was invented. The Internet is, from this perspective, probably the biggest jump in technological terms and yet copyright was used not to organize the music market but rather to deny it. Will it work? Historically, copyright was never a dam; it was used to dig rivers;²⁸ in other words, it was not designed to stop the flow of works, but to channel it and optimize the exploitation of works.

26 See Daniel Gervais, "The Price of Social Norms: Towards a Liability Regime for File-Sharing" (2004) 12 J. of Intell. Prop. 39, <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=525083> [Gervais, "The Price of Social Norms"].

27 In the field of copyright: *Théberge*, above note 3; *CCH Canadian Ltd. v. Law Society of Upper Canada*, 2 SCC 44, <www.lexum.umontreal.ca/csc-scc/en/pub/2004/vol2/html/2004scr2_0427.html>, [2004] 1 S.C.R. 339 [CCH cited to S.C.R.]; and *Society of Composers, Authors & Music Publishers of Canada v. Canadian Assn. of Internet Providers*, 2004 SCC 45, <www.lexum.umontreal.ca/csc-scc/en/pub/2004/vol2/html/2004scr2_0427.html>, [2004] 2 S.C.R. 427 [SOCAN cited to S.C.R.]. A recent decision concerning pharmaceutical patents is also interesting from that perspective: *Bristol-Myers Squibb Co. v. Canada (Attorney General)*, 2005 SCC 26, <www.lexum.umontreal.ca/csc-scc/en/rec/html/2005scc026.wpd.html> [Bristol-Myers cited to LexUM].

28 The successes of publishers of scientific and medical journals show that using copyright norms in the Internet environment is possible. By making journals available online and leveraging the technology to provide, e.g., raw lab data or files containing three-dimensional images, those publishers, who still sell plenty of paper copies, have increased total revenues. The key is to *trust* users, and let them use the material. Trust was always implicit in pre-Internet days, with legal devices such as the first-sale doctrine, private copying exceptions, fair use, etc.

The fact that copyright was not meant to be routinely used in the private sphere is further evidenced by the fact that exceptions and limitations to copyright were also written in the days of the *professional intermediary* as the user. This explains why in several national laws, the main exceptions can be grouped into two categories: private use, which governments previously regarded as “unregulatable”²⁹ (i.e., where copyright law abdicated its authority by nature); and use by specific professional intermediaries: libraries (and archives) and certain public institutions, including schools, courts and sometimes the government itself. Still today, there are several very broad exceptions for “private use” (e.g., Italy, Japan) that were adopted in the days when the end-user was just that, the end of the distribution chain.³⁰ End-users have always enjoyed both “room to move” because of exceptions such as fair use and rights stemming from their ownership of a physical copy. There was thus an intrinsic balance that recognized that end-users who did not significantly affect the commercial exploitation of works by their individual use should not be on the copyright radar. The Supreme Court wrote an interesting comment on this point in *Théberge*:

Excessive control by holders of copyrights and other forms of intellectual property may unduly limit the ability of the public domain to incorporate and embellish creative innovation in the long-term interests of society as a whole, or create practical obstacles to proper utilization. This is reflected in the exceptions to copyright ... such as fair dealing This case demonstrates the *basic economic conflict* between the holder of

29 Professor Alain Strowel considers the defence of the private sphere as one of the three main justifications for exceptions to copyright, the other two being circulation of information, and cultural and scientific development. See Alain Strowel, “Droit d’auteur et accès à l’information: de quelques malentendus et vrais problèmes à travers l’histoire et les développements récents” (1999) 12 Cahiers de propriété intellectuelle 185, <www.robic.ca/cpi/Cahiers/12-1/12-1%2009StrowelAlain.htm> at 198.

30 The result of those exceptions expressed, in a US context, as a combination of fair use and the first-sale doctrine See R. Anthony Reese, “The First Sale Doctrine in the Era of Digital Networks” (2003) 44 B.C. L. Rev. 577, <www.bc.edu/schools/law/lawreviews/meta-elements/journals/bclawr/44_2/09_FMS.htm>.

For at least ninety-five years, the first sale doctrine in U.S. copyright law has allowed those who buy copies of a copyrighted work to resell, rent, or lend those copies. Copyright law is often viewed as a balance of providing authors with sufficient incentives to create their works and maximizing public access to those works. And the first sale doctrine has been a major bulwark in providing public access by facilitating the existence of used book and record stores, video rental stores, and, perhaps most significantly, public libraries.

the intellectual property in a work and the owner of the tangible property that embodies the copyrighted expressions. [Emphasis added.]³¹

More importantly perhaps, entering the private sphere meant that copyright had to fight a new, formidable opponent: the right to privacy, which is anchored, *inter alia*, in section Article 8 of the *European Convention for the Protection of Human Rights and Fundamental Freedoms*³² and in Articles 17 and 19 of *International Covenant on Civil and Political Rights*.³³ Beyond the intrinsic balance, which has proved difficult to maintain given that rights are expressed in terms of the technical nature of the use, the complexity of the policy equation is increased by the perceived need to reach an extrinsic equilibrium, one in which copyright is balanced against several other societal priorities including privacy.

The right of “private use” is also considered fundamental in several European copyright statutes³⁴ and may have a strong constitutional basis in the United States.³⁵ It is also an important right in Canadian

31 See *Théberge*, above note 3 at para 32. The Aboveme Court wrote an interesting comment on this point:

Excessive control by holders of copyrights and other forms of intellectual property may unduly limit the ability of the public domain to incorporate and embellish creative innovation in the long-term interests of society as a whole, or create practical obstacles to proper utilization. This is reflected in the exceptions to copyright ... such as fair dealing This case demonstrates the *basic economic conflict* between the holder of the intellectual property in a work and the owner of the tangible property that embodies the copyrighted expressions.

[Emphasis added.]

32 Council of Europe, Committee of Ministers, *Convention for the Protection of Human Rights and Fundamental Freedoms*, CETS No. 005 (1950), <<http://conventions.coe.int/Treaty/en/Treaties/Html/005.htm>>.

33 *International Covenant on Civil and Political Rights*, 16 December 1966, United Nations Treaty Series, 187, <www.unhchr.ch/html/menu3/b/a_ccpr.htm>.

34 See Lucie M.C.R. Guibault, “Contracts and Copyright Exemptions” in Berndt Hugenholtz ed., *Copyright and Electronic Commerce, Legal Aspects of Electronic Copyright Management* (The Hague: Kluwer Law, 2000) at 232.

35 See Julie E. Cohen, “A Right to Read Anonymously: A Closer Look at ‘Copyright Management’ in Cyberspace” (1996) 28 Conn. L. Rev. 981; and, Julie E. Cohen, “DRM & Privacy” (2003) 18 Berkeley L. & Tech J. 575, <<http://www.law.berkeley.edu/journals/btlj/articles/vol18/Cohen.stripped.pdf>> at 576–77. Professor Cohen continues by stating: “Properly understood, an individual’s interest in intellectual privacy has both spatial and informational aspects. At its core, this interest concerns the extent of breathing space, both metaphorical and physical, available for intellectual activity. DRM technologies may threaten breathing space by collecting information about intellectual consumption (and therefore exploration) or by imposing direct constraints on these activities.” She argues

law.³⁶ To summarize a complex set of arguments, it has been argued that copyright owners should not be able to control the uses of the works that are made by individual users in their private sphere, because this would amount to a violation of their privacy.

To quote Swiss copyright scholar Jacques de Werra:

The conflicting interaction between copyright law and the right to privacy has become even more acute in the digital context, even if the issue of privacy in the internet age goes beyond the field of copyright law. From a copyright law perspective, the need for a protection of privacy has been specifically invoked with respect to the adoption of electronic rights management information, as these systems might “process personal data about the consumption patterns of protected subject-matter by individuals and allow for tracing of on-line behavior.”³⁷ As a result, these electronic rights management information systems are required to incorporate privacy safeguards, as defined in the Directive³⁸ on the protection of individuals with regard to the processing of personal data and the free movement of such data.³⁹

The clash is also important because when copyright confronts other rights, those rights normally have “rightsholders,” that is, interest groups willing to defend those rights, which has not always been the case for individual copyright users.⁴⁰

that there may be harm in allowing individual to waive or sell usage data (via a DRM system) if it amounts to waiving their intellectual privacy. *Ibid.* at 609.

36 There would much to say on this point, but the comments of the Federal Court of Appeal in the *BMS v. Biolyse* (below note 41) are relevant, at least to the extent that they illustrate the direct confrontation between privacy and copyright. See also Professor Ian Kerr, chapter 6, above.

37 Recital 57 of the Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, <http://europa.eu.int/eur-lex/pri/en/oj/dat/2001/L_167/L_16720010622en00100019.pdf>, [2001] O.J.L 167/10.

38 Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and the free movement of such data, 1995 O.J.L. 281/31.

39 Jacques De Werra, “Moving Beyond The Conflict Between Freedom Of Contract and Copyright Policies: In Search Of A New Global Policy For On-Line Information Licensing Transactions: A Comparative Analysis Between U.S. Law and European Law” (2003) 25 Colum. J.L. & Arts 239 at 333.

40 See William M. Landes and Richard A. Posner, *The Political Economy of Intellectual Property Law* (Washington: AEI-Brookings Joint Center for Regulatory Studies, 2004).

The importance and potential impact of this clash should not be underestimated.⁴¹ To illustrate this, let us go back to the 1980s. American pharmaceutical, software and entertainment companies were able to convince the United States Congress and the Executive Branch (in particular the United States Trade Representative) that intellectual property protection should be linked to trade, and that intellectual property was deserving of protection *qua* property.⁴² Logically, terms such as “theft” or “piracy” could be used independently of documented market effects or actual lost sales, which do happen in many cases of professional piracy course but not in every case where a “pirated” copy is made or used. This powerful combination of trade and intellectual property led to the conclusion of the *TRIPS Agreement*.⁴³ Demands followed the conclusion of TRIPS for TRIPS-plus protection,⁴⁴ some examples of which may be found in the intellectual property chapter of NAFTA.⁴⁵ The tendency to continue increasing intellectual property protection in scope and duration turned at the international level, however, when the normative claims based on property

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- 41 It is interesting in that context to read the Federal Court of Appeal’s comments in *BMG Canada Inc. v. Doe*, 2005 FCA 193, <www.fca-caf.gc.ca/bulletins/whatsnew/A-203-04.pdf> [BMG] at para 4:

Citizens legitimately worry about encroachment upon their privacy rights. The potential for unwarranted intrusion into individual personal lives is now unparalleled. In an era where people perform many tasks over the Internet, it is possible to learn where one works, resides or shops, his or her financial information, the publications one reads and subscribes to and even specific newspaper articles he or she has browsed. This intrusion not only puts individuals at great personal risk but also subjects their views and beliefs to untenable scrutiny. Privacy advocates maintain that if privacy is to be sacrificed, there must be a strong *prima facie* case against the individuals whose names are going to be released. Whether this is the correct test will be addressed in this decision.

Ultimately the issue is whether the identity of persons who are alleged to infringe musical copyright can be revealed despite the fact that their right to privacy may be violated. Each side presents compelling arguments and the difficulty lies in reaching a balance between the competing interests.

- 42 See Susan K. Sell, *Private Power, Public Law: The Globalization of Intellectual Property Rights* (Cambridge, U.K.: Cambridge University Press, 2003).
- 43 *TRIPS Agreement*, above note 12.
- 44 See Peter Drahos and John Braithwaite, *Information Feudalism* (New York: The New Press, 2003).
- 45 Chapter 17 of *Trade Agreement Between the Government of Canada, the Government of Mexico and the Government of the United States*, 17 December 1992, Can. T.S. 1994 No. 2, 32 I.L.M. 289 (entered into force 1 January 1994), <www.sice.oas.org/trade/nafta/naftatce.asp> [NAFTA].

and free trade were countered with similarly (politically) powerful claims based on public health and the right to life.⁴⁶ It may be that the power and breadth of copyright-based claims will face an equally formidable opponent in privacy.

One could respond of course that privacy is already included as part of the closed system of copyright regulation, and that the fact that private use is not expressly mentioned as an exception in a number of national laws or the *Berne Convention* is not surprising: it was of little interest to copyright holders until the invention of the VCR and double-deck cassette players, which only became popular in the 1970s. A number of countries introduced regulation *not* to stop the practice (and there were famous court cases where this was tried, including the *Sony* case in the US⁴⁷), but rather to *compensate* rightsholders by introducing levies on blank tapes and, in certain cases, on recording equipment as well.⁴⁸ Yet, while levies and similar schemes may recognize that privacy plays a key role, it seems to be overstating the role of private use exceptions to consider that they define the complete scope of privacy rights of users of copyright material.

In sum, the invasion of the private sphere is at odds with the history of copyright, where it never forayed except, as just mentioned, in the case of levies. There was an implicit recognition that copyright did not apply to end uses, even though formally users were making copies and, in rarer cases, performing or communication works.

46 Susan K. Sell, above note 42 at 56–57.

47 *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984), 774 S. Ct. 774.

48 P. Bernt Hugenholtz, Lucie Guibault & Sjoerd van Geffen, *Final Report on The Future of Levies in a Digital Environment* (Amsterdam: Institute for Information Law, 2003), <www.ivir.nl/publications/other/DRM&levies-report.pdf>. “Historically, copyright levy systems have been premised on the assumption that certain uses, especially private copying, of protected works cannot be controlled and exploited individually. With the advent of digital rights management (DRM) this assumption must be re-examined. ... Where such individual rights management is available there would appear to remain no need, and no justification, for mandatory levy systems.” The inapplicability of analog exceptions to the Internet is illustrated by the debate concerning § 110(2) of the US *Copyright Act*. It contains limitations on the nature and content of the transmission, and the identity and location of the recipients. As was noted by the United States Register of Copyrights in her May 1999 *Report on Copyright and Digital Distance Education*. Marybeth Peters, “Report on Copyright and Digital Distance Education” (U.S. Copyright Office, May 1999), <www.copyright.gov/reports/de_rprrt.pdf>.

2) Excludability Revisited

The fact that copyright is an exclusive right, a right to exclude use by others is, in part at least, a fallacy. Leaving aside interesting debates as to whether copyright is “property” in a classical sense (which, one could argue, it is not because use and enjoyment by a third party does not prevent use by the owner), the fact is that copyright’s power to exclude is only relevant as between competing professional users, whose business is to reproduce, distribute or otherwise disseminate copyright content. Author A can exclusively license or assign her copyright to Publisher B so as to exclude other Publishers from printing her book, thereby allowing a certain degree of market organization and scarcity (for the physical copies). But copyright’s power to exclude did not, historically, extend its reach to individual end-users. While this was never formulated with a high degree of precision in copyright statutes, it is supported by the number of private use exceptions recognized by national courts and various statutes. It is also a fundamental concept of many national copyright systems, including Belgium⁴⁹ and Germany. One of the leading European intellectual property scholars considered that one should not focus on the technical nature of the use, but its impact and intent.⁵⁰ To quote another such scholar:

... [C]opyright protects against acts of unauthorized communication, not consumptive usage ... [T]he mere reception or consumption of information by end-users has traditionally remained outside the scope of the copyright monopoly. Arguably, the right of privacy and the freedom of reception guaranteed in Articles 8 and 10 of the European Convention on Human Rights would be unduly restricted if the economic right encompassed mere acts of information reception or end use.⁵¹

If copyright’s excludability does not reach end-users, neither does it reach users who have no direct (one-on-one) transactional contact with

49 Alain Strowel, above note 29.

50 Joseph Kohler, *Das Autorrecht: eine zivilistische Abhandlung; Zugleich ein Beitrag zur Lehre vom Eigentum, vom Miteigentum, vom Rechtsgeschäft und vom Individualrecht* (Jena: G. Fischer, 1880), <<http://dlib-pr.mpier.mpg.de/m/kleioc/0010/exec/books/%22160676%22>> at 230.

51 P. Bernt Hugenholtz, “Caching and Copyright: The Right of Temporary Copying” (2000) 22 Eur. Int. Prop. Rev. 482 at 485–86. See also Jaap Spoor, *Scripta manent. De reproductie in het auteursrecht* (Groningen: H.D. Tjeenk Willink, 1976) at 137–38.

the rightsholders. I have previously argued⁵² that whenever a right is managed collectively, excludability is illusory. Essentially, users pay a tariff to use works in the collective's repertoire. Collectives operating in whole or in part under agreements instead of tariffs must negotiate licenses in good faith or there is a risk of running afoul of competition law.⁵³

Therefore, copyright's power to exclude is limited to cases where an exclusive distributorship (or other form of dissemination) is negotiated by the first owner of copyright or someone else who acquired rights from that first owner, and in cases of commercial piracy. It was not an obvious step for copyright on the Internet to try to reach end-users who do not consider themselves as pirates nor act with intent of commercial gain. That conceptual jump is, I would argue, precisely the point of origin of the problems we see today.

What does it mean for copyright? We should recognize that copyright is not intended to be used to stop (exclude) end-users. Copyright is an exclusion tool, as stated above, for dealings between (competing) professional entities or true pirates. Even in the case of pirates, the reach of copyright in the case of non-physical, Internet-based distribution is restricted by the technology itself. Copyright works best as an exclusion tool when its rules are internalized by its players (professional publishers, producers or broadcasters presumably want to be seen as obeying the rules of the road — they are also easy to sue) or when physical objects are involved (the typical example would be pirated CDs or DVDs).

Abandoning futile judicial attempts to prohibit end-users from using the Internet's power (unless a technological "silver bullet" is found), copyright can and probably should remain as the basis for an entitlement to remuneration when use reaches the level of interference with "normal commercial exploitation." This dynamic notion⁵⁴ of normalcy of commercial exploitation allows authors and rightsholders to claim payment/compensation for massive Internet uses — at least those that are not covered by an exception such as fair dealing or educational uses. Industry players must realize the difficulty in enforcing such payments, and the advantages of a higher degree of internalization of adequate copyright principles. Unfortunately, by treating millions of file-sharers as "pirates," they

52 See Daniel Gervais and Alana Maurushat, above note 6.

53 A risk duly noted in the *Copyright Act*, which limited competition remedies when an agreement is notified to the Board. See s. 70.5.

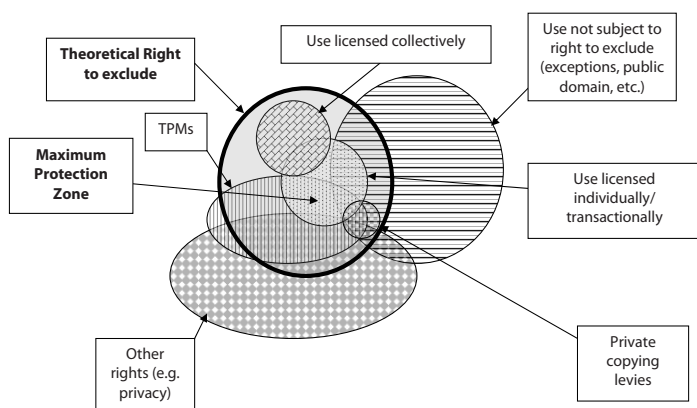
54 See below note 60 and accompanying text.

pushed the majority of Internet users into the “deviant” camp, and may have damaged respect for the rule of law.⁵⁵

A solution — at this point, the only solution — is to *license* massive Internet uses beyond use permitted by exceptions in a way that respects all those involved in the creation, performance, publication, production and use of copyright content. Naturally, this includes respect for existing exceptions. And while soft enforcement measures may be used to help convince users to accept the scheme, it cannot be repeated often enough that the best way to ensure adoption of the principles is to treat users with a measure of respect and offer them terms they will perceive as fair.

3) A Diagrammatic View

The shrinking right to exclude and the counterweight of Technological Protection Measures (TPMs) and contracts can be represented as follows:



We see that the right to exclude is shrunk by legal exceptions but also confrontations with other rights. It is reinforced by TPMs and contracts that do not necessarily impose limit only on acts that would otherwise require the copyright holder’s authorization under the Act and may in addition attempt to limit the availability of exceptions.⁵⁶ Another layer,

55 See Daniel Gervais, “The Price of Social Norms,” above note 26 at 48–50

56 Whether exceptions can be validly be derogated to by contract has not been conclusively determined under Canadian law. For a detailed comparative study, see Lucie M.C.R. Guibault, *Copyright Limitations and Contracts: An Analysis of the Contractual Overridability of Limitations on Copyright* (Hague: Kluwer Law International, 2002).

namely the prohibition of TPM circumvention would have to be added if introduced into Canadian law as a result of WCT implementation.

We also see that individual use licenses overlap in significant part with collective licensing in some areas. Collectives often hold non exclusive right to license and the use may thus also be licensed by the rightsholder directly. However, collective licensing avoids licensing and payment for use that is otherwise exempted especially in a tariff context where it is excluded by definition in the Board's determination. If, for instance, a tariff was sought for reprographic use and Internet access in schools and universities⁵⁷, the Board would have to exclude from the license (and the payment) any use covered by an exemption (e.g. fair dealing for research or educational exceptions). No such guarantee can be offered in voluntary licensing situations.

Finally, private copying levies compensate a slice of the right to exclude removed by an exception. They may at times conflict with other rights, clash with the terms of a license or compensate for a use partly blocked by a TPM.

D. THE WAY FORWARD

1) The Role of Licensing

It seems fairly obvious that copyright is not meant to stop massive Internet uses. In terms of policy choices, there are thus three main options: (a) one could decide not to apply copyright to end-users; (b) one could treat end-users as professional content providers and apply copyright as it always has to professional entities; or (c) one could consider using copyright not to exclude massive individual uses, but rather to compensate rightsholders.⁵⁸

The fact that copyright is a "professional right" is not directly codified in most national laws or international treaties. In fact, because copyright regulation focuses on the technical nature of the use (reproduction, communication etc.), not its effect or intent,⁵⁹ reproductions and communications to the public/public performances effected by individual users *a priori* fall under section 3 of the Act (and subsection 15 and 18 where applicable, as they would be amended by Bill C-60). The first option outlined above involves

57 See ss. 30.01 and 30.02 of Bill C-60.

58 See generally, Lawrence Lessig, *Free Culture: How Big Media Uses Technology and the Law to Lock Down Culture and Control Creativity* (New York: Penguin Books, 2004), <www.free-culture.cc/freeculture.pdf>.

59 Daniel Gervais, "The Reverse Three-Step Test," above note 1 at 13–21.

recognizing an exception to those exclusive rights. Any such exception is constrained by the international three-step test.⁶⁰ In a nutshell, the test is used to filter out unacceptable exceptions to exclusive copyright rights.⁶¹ Exceptions are possible when they do not conflict with a “normal” exploitation of protected works or unreasonably limit the rightsholders’ rights.

As to the second option, it is unrealistic for several reasons (including transaction costs and powerful social norms at play⁶²) to prevent massive use on the Internet except for single streaming or DRM-restricted downloads of single songs from a small number of authorized sources. There is a market for this type of controlled access, of course, as the relative success of iTunes⁶³ demonstrates, but to think of the Internet as being entirely based on the television or cable model, where all content consisting of copyright material is provided by a small number of professionals conflicts with the scope and depth of current Internet practice.⁶⁴ True, there may also be cases where individuals put such large amounts of content available that they can be analogized with professional providers.⁶⁵ Copyright’s ability to exclude may then be applied to them, although the moving target proper-

60 See *Ibid.* and Paris, 22 April 2005, 41ème, B, Stéphane P., *UFC Que Choisir / Universal Pictures VIBidéo France et autres*, <www.juriscom.net/documents/caparis2005_0422.pdf>.

61 See Ruth Okediji, “Toward an International Fair Use Doctrine” (2000) 39 Colum. J. Transnat’l L. 75.

62 See Daniel Gervais, “The Price of Social Norms,” above note 26.

63 See iPods & iTunes, <www.itunes.com>. iTunes is a song download service operated by Apple.

64 See Alison P. Howard, “A Fistful of Lawsuits: The Press, The First Amendment, and Section 43(A) of the *Lanham Act*” (2000) 88 Cal. L. Rev. 127 at 159.

Copyright law also has been used to move information out of the public domain and into the private sphere, where it creates wealth for the property owner instead of enriching public discussion. This places dollars over discourse. As New York University law professor Diane Leenheer Zimmerman wrote, “What Justice Holmes later referred to as a marketplace of ideas presumably was conceived of as a place of free exchange, not of economic or contractual transactions.” (Diane Leenheer Zimmerman, “Information as Speech, Information as Goods: Some Thoughts on Marketplaces and the Bill of Rights” (1992) 33 Wm. & Mary L. Rev. 665, 679)

65 See Peter Eckersley, “Virtual Markets for Virtual Goods: the Mirror Image of Digital Copyright?” (2004) 18 Harv. J.L. & Tech. 85, <<http://jolt.law.harvard.edu/articles/pdf/v18/18HarvJLTech085.pdf>> at 94–95:

Exclusive rights also lie at the heart of the digital copyright crisis, because the Internet, with its combination of decentralization, reproductive symmetry, and near-universal coverage has made the task of enforcing such privileges nearly impossible. When enforcement is possible, it requires costly infrastruc-

ties of the Net may render those efforts inefficacious. Launching attacks against individuals on a wide scale with a view to getting them to remove content have not been particularly successful. In short, there is room for both exceptions and professionally distributed content, but that leaves a vast area of Internet content in search of another solution. In most cases, experience shows that that solution cannot be to exclude. Uses must be allowed.

The US Supreme Court recognized, at least indirectly, that licensing was a better use of copyright than exclusion (prohibition) in *Tasini v. New York Times*.⁶⁶ The facts of the case resembled those of the *Robertson* case⁶⁷ now before the Canadian Supreme Court. The main issue was whether freelance journalists whose articles had been published in various newspapers and periodicals could prevent the publishers from making available an electronic copy of the material. Having determined that the journalists (authors) had copyright in their articles, the US Court said the following in weighing whether to issue an injunction:

... it hardly follows from today's decision that an injunction against the inclusion of these [freelance] Articles in the [publisher] Databases (much less all freelance articles in any databases) must issue. ... The Parties (Authors and Publishers) may enter into an agreement allowing continued electronic reproduction of the Authors' works; they, and if necessary the courts and Congress, may draw on numerous *models* for distributing copyrighted works and remunerating authors for their distribution.⁶⁸ [Emphasis added.]

The Court thus considered the broader public interest at stake and whether preventing use by publishers was desirable. It clearly signaled that it preferred a negotiated solution, i.e., a license. One could assume that the authors would also prefer that their works be made available and to get paid for it, rather than exercise their right to exclude to prevent access.

Against the historical background painted above in section B, the *Tasini* and *Robertson* cases are within the proper purview of the right to exclude

ture and direct enforcement of copyright law against the public at large, as opposed to enforcement against commercial "pirates."

66 121 S.Ct. 2381 (2001), <<http://laws.findlaw.com/us/000/00-201.html>> [*Tasini*].

67 *Robertson v. Thomson Corp.* (2001), 15 C.P.R. (4th) 147 (Ont. S.C.J.), aff'd (2004), 72 O.R. 481, 34 C.P.R. (4th) 161 (C.A.), <www.ontariocourts.on.ca/decisions/2004/october/C38148.htm> [*Robertson* cited to C.A.] leave to appeal to S.C.C. granted 21 April 2005.

68 *Tasini*, above note 66 at 2384.

because they affect economic relations between professionals. Yet, here again the fundamental point made is important: by preventing *all* publishers from making the material available, no one wins. Copyright may be used to organize access, not deny it. Excludability must be revisited, and licensing seems a far better option for all those concerned, including the public.

Which brings us to what is, at bottom, the real question: which uses should be paid for, and how? To quote Professor Jane Ginsburg, the dominant view among large rightsholders, is that technology can allow them to continue to maintain excludability:

Having learned a lesson from *Betamax*, copyright owners cooperated with hardware manufacturers in proposing to Congress that the distribution of digital audio recording devices be permitted, subject to a statutory royalty on the equipment and blank recording media, and so long as the devices allowed the recording only of a first-generation copy. In other words, copyright owners conceded a *de facto* license to make private digital copies from the original recorded source, in return for a royalty that would help compensate for the copying.

On the other hand, copyright owners secured control over second-generation copying, because the statute curtailed copyright owners' exclusive rights only for the first generation, and more importantly, because the statute mandated the inclusion of the Serial Copy Management System in every covered digital audio recording device. SCMS recognizes when a copy has been made, and prevents further copying from that copy. In addition, the AHRA made it unlawful to offer services or to distribute devices primarily designed to circumvent SCMS. For the first time, Congress reinforced exclusive legal rights by providing for technological measures to protect those rights, and then by granting additional legal protection to those technological measures. ... Congress recognized that preservation of exclusive rights in a digital environment may require not only technological adjuncts, but a legal cease fire in the form of a prohibition on circumvention.

...

Legal protection of access may encourage copyright owners to offer more kinds of distributions, from pay-per-view to unlimited copying, but this presumes that the technological measures that back up these offerings can in fact be enforced. As a practical matter, this means that users can be persuaded to refrain from rampant copying through file sharing and dissemination of circumvention hacks. In

the post-Napster world, it would be a foolish copyright owner indeed who assumed that users' consciences are quickened by the direction in the decalogue, "Thou shalt not steal." Copyright owners will therefore have to be able to compete with "free."⁶⁹

There is indeed an enormous amount of material available legally for free on the Internet, usually because the creator or provider (e.g., individuals, government⁷⁰) decided not to use copyright to obtain remuneration. There is also a lot of material belonging to copyright owners made available without their authorization, a phenomenon epitomized by the peer-to-peer file-sharing of music and film content.⁷¹ Many rightsholders are still looking for the silver bullet that will stop uncontrolled distribution of copyright material.⁷² If the recent past is prologue, they will not find it. For the purposes of this paper, the only assumption we need to make is that there is a serious *possibility* that technology will not be able to stop file-sharing, independently of whether that is in fact desirable socially or economically. Indeed, the technological risk that we all run is that by forcing ISPs to reveal the identity of file-sharers, we force millions of Internet users deep into anonymity, which may have implications well beyond copyright. Already, proxy-based file-sharing has emerged.⁷³

What, then, is the way forward? When individuals create content that they wish to provide for free, they can waive their copyright or provide royalty-free licenses. Creative Commons⁷⁴ comes to mind in that context, but one cannot force all content owners to accept free use of their material. Since they probably cannot exclude, and do not simply want to give it away, they must license. But how?

69 Jane C. Ginsburg, "'The Exclusive Right To Their Writings': Copyright and Control in the Digital Age" (2002) 54 *Maine L. Rev.* 195 at 211–13.

70 US government material is not protected by copyright. See 17 U.S.C. § 105 <www4.law.cornell.edu/uscode/html/uscode17/usc_sec_17_00000105----000-.html>.

71 See Daniel Gervais, "The Price of Social Norms," above note 26.

72 *Ibid.*, at 55.

73 See Daniel Gervais, "The Price of Social Norms," above note 26.

74 "Creative Commons is ... us[ing] private rights to create public goods: creative works set free for certain uses. Like the free software and open-source movements, our ends are cooperative and community-minded, but our means are voluntary and libertarian. We work to offer creators a best-of-both-worlds way to protect their works while encouraging certain uses of them — to declare "some rights reserved." See Creative Commons, <www.creativecommons.org>; Creative Commons Canada, <www.creativecommons.ca>.

The objective is clear: to compensate rightsholders who do not wish to make their material available for free when the use of their material conflicts with a normal commercial exploitation. That delineates the cases in which a license fee should be required. This also means that any use covered by a valid exception, including fair dealing or specific educational exceptions does not enter this realm. Nor would any material made available under a royalty-free license.

There is another group of theories according to which anything available on the Internet without technological protection measures (TPMs) should be free. Period. That theory is shaky, to say the least. First, there are several categories of material to distinguish. There is material made available explicitly for free, with or without restrictions, such as material available under a Creative Commons license. Second, there is material with no specific indication of licensing terms. Third, there is material available under a restrictive license (e.g., no use beyond viewing or streaming), but not technologically locked. Finally, there is material made available with a TPM that prevents reuse, usually accompanied by restrictive contractual terms. Such TPMs vary in scope from a simple password to technological locks that prevent sending, cutting and pasting, etc.

In the latter case (TPM protected material), few people are seriously arguing that we should consider the material freely available. But can we, in the second and third categories above, either imply open contractual terms or override express restrictions? If so, on what legal basis? One has to consider applicable contract law and determine on which basis the contract law of the recipient country can be applied (assuming it allows an implied license or override). Because the effect of assuming a worldwide implied license (or override) is akin to an exception (or perhaps a royalty-free compulsory license), one risks a head-on confrontation with the three-step test and other treaty obligations.⁷⁵ Then, how can one verify that the material was made available with the rightsholder's consent in the first place? Finally, an unintended consequence of defending the no-restriction *cum* override view may be that more material will be locked up.

A much simpler solution is to facilitate the creation of a license for available material on conditions that specifically exclude paying for uses covered by exceptions to copyright. Such a license could cover all rights-

75 Incompatibility with the three-step test may lead to a finding of incompatibility with Canada's obligations under the *TRIPS Agreement* and, unless the Act is then amended accordingly, to trade-based sanctions. See above notes 60 and 61 and accompanying text.

holders, except those who specifically do not want their material licensed. Those rightsholders can opt, at their peril in most cases, for a separate licensing system or continue to live with the mythology of control.

If one were to adopt this approach, one could then distinguish three possible universes of copyright uses. First, there would be uses paid to the rightsholder (in most cases, on a transactional basis). A subscription to an online publication or the download of a song or pay-per-view movie are good examples. A second universe would encompass free uses, such as those permitted by exceptions or stemming from ownership rights in a copy. One could argue that private uses and genuine transformative uses should fall into this category.⁷⁶ But that leaves a universe of uses not covered by exceptions and which cannot be realistically licenses transactionally. An annual or similar license then remains the only possible option to compensate rightsholders (within the scheme of the Act). Such licenses can only be efficiently offered by copyright collectives. Naturally, collectives will need to show that they can deliver the licenses that are required; that they can be trusted by both rightsholders and users; that they can be fair, transparent and efficient.

2) Extended Repertoire

To effectuate the above, a simple solution is the Extended Repertoire System (ERS). What is it? Starting from a definition of “repertoire” as the catalogue of rights that a collective management organization (CMO) can offer to users seeking to obtain a license from the CMO in question, the ERS concept may be summarized this way: as soon as the CMO can show to a proper authority that it represents a substantial number of authors or other relevant rightsholders, i.e. those of which the rights are likely to be managed by the CMO concerned and for the type of use concerned, it

76 I am borrowing US terminology, with some adaptations. Transformative uses are a subset of derivative uses. (Genuine) transformative uses are those where the transformation is the product of original work that generates substantial social welfare benefits and is not a minor transformation primarily designed to free-ride on someone else's work or investment. Should copyright prohibit those uses? Parody is an example. In principle, authors benefit from a right to prohibit translations, as well as “adaptations, arrangements and other alterations of their works.” (*Berne Convention*, Arts. 8 and 12; *TRIPS Agreement*, Art.9(1)). Translations are generally not considered genuinely transformative. Answering the question which other transformations are covered by the exclusive right of adaptation is much harder. Professor Lawrence Lessig has suggested a (copyright-) free culture to allow remix. See Lawrence Lessig, above note 59.

is entitled to apply to that authority (in Canada, the Copyright Board) for an extension of its repertoire. The Board can then decide, if it deems it is in the public interest, to grant to that collective the capacity to represent all rightsholders concerned, except those who expressly wish not to be represented. In other words, implementing ERS simply allows a collective to change its rights acquisition (that is, the acquisition of the authority to license on behalf of rightsholders) from an opt-in to an opt-out formula. The ERS does not change anything to who may require a license, nor does it affect the scope of exceptions. It merely makes it much easier for a CMO to acquire the authority to license in cases where a license is required.

The problem of many CMOs in Canada resides in acquiring a critical mass of rights in a way that enables them to respond to the requests of users, and gain the credibility and relevance necessary for them to thrive. The ERS would be particularly useful for smaller and newer CMOs, including those created to manage new rights or rights which used to be managed on an individual basis. Since the major advantage stemming from the availability of the ERS is the fact that it accelerates the acquisition of rights, smaller and newer CMOs would likely benefit most from it. These CMOs currently find themselves in a catch-22: not being important in size, they do not have the means to recruit members adequately. Without recruitment, there is no credibility, and most importantly, very few royalties are collected. They therefore find themselves lacking means and tools. Furthermore, without a well-established repertoire, a lack of interest on the part of the users is sure to follow — making “recruitment” of rightsholders even more challenging.

In short, the ERS offers many benefits. To users, because they can use works without worries after signing a contract giving them unrestricted access to a CMO’s repertoire (apart from specifically excluded rightsholders⁷⁷). They know that they will not face legal action from non-represented (but non-excluded) rightsholders coming out of the woodwork after the licensing agreement is signed. Rightsholders have the advantage of a better protection of their rights, as well as increasing their clout in negotiations with users. Finally, the rights of the non-represented holders are also protected and they can benefit from the remuneration they deserve.

Implementing ERS in Canada only means giving the Copyright Board to grant an extension of repertoire to a CMO who requests it, if and only if the Board deems it in the public interest after hearing all interested

77 In countries where ERS has been in place for decades, such as all the Nordic countries, the list of exclusions tends to be very short.

parties. To grant the extension, the Board must be convinced that it will increase the efficiency of collective management for the benefit of both rightsholders and users. The Board may also impose conditions, such as the maintenance of an online list of rightsholders who decided to opt out, or transparency obligations.

The ERS is not a major policy shift. Arguably the Board already has the power to extend a repertoire under section. 70.15 of the Act when certifying a tariff. Viewed as a limit imposed on copyright owners to claim compensation beyond a tariff, section. 70.17 is also fully consonant with the ERS concept. In Bill C-60, a proposed limitation of liability in section 30.02(3) to the applicable tariff is also an “indirect implementation” of the ERS. A clean implementation of the ERS would allow the Board to take broader public interest considerations into account and to impose conditions to further protect the rights of non member rightsholders. It would also make the process more transparent for all those involved.

Unfortunately, the *Bulte Report*⁷⁸ conflated the ERS with the issue of licensing educational users. Yet, the scope of the educational exceptions is entirely independent of the existence of ERS. Whether or not the ERS is used, the Board has the same task: determining the scope of exceptions and whether a license is required and then assessing the proper tariff. In the case of educational institutions, by combining existing exceptions (and decoupling them where appropriate from the existing “in the classroom” requirement) and the broad definition of fair dealing adopted by the Supreme Court in *CCH*,⁷⁹ there are fewer uses that require licensing. But would it be fair to exempt, for example, chapters of textbooks that a student decides to scan and make available for free? In a small market such as Canada, this will likely lead to the disappearance of many Canadian textbooks, a boon for US textbook publishers no doubt but a choice which may not be optimal for Canadian educators and students.

The ERS is also fully compatible with the three-step test. It is neither an exception nor a compulsory license because rightsholders can opt out. Another baseless argument raised against the ERS is its incompatibility with Article 5(2) of *Berne*, which prohibits formalities concerning the existence and exercise of the rights granted by virtue of the Convention. It is a fundamental principle of the Convention and it must be interpreted broadly.

78 See Canada. Standing Committee on Canadian Heritage, *Interim Report on Copyright Reform* (Ottawa: May 2004), <www.parl.gc.ca/InfocomDoc/Documents/37/3/parlbus/commbus/house/reports/herirp01/herirp01-e.pdf>.

79 *CCH*, above note 27.

However, those “conditions and formalities” are not, for example, the need to sign contracts, file statements of claim in courts, or deal with copyright agencies etc. That is not the intent or meaning of Article 5(2). Those are all normal acts that authors and other copyright holders must perform routinely to exploit their copyright works and not (as was made abundantly clear during the adoption and revision of the Convention) “formalities” prohibited under Article 5(2). If it were, a number of measures used throughout the world would be illegal, including mandatory collective management, limitation of remedies in case where collective management is in place, etc.

The formalities that are prohibited under Article 5(2) are essentially registration with a governmental authority, deposit of a copy of the work or similar formalities when they are linked to the existence of copyright or its exercise, especially in enforcement proceedings.⁸⁰

3) An Example: Licensing of File-Sharing

File-sharing can be said to stand on both sides of the private use border. Downloading music to listen to is private. Copyright’s attempt to stop that seems ill-advised both commercially and legally. But when music is made available to a “public” of other P2P users, the line of free use is crossed. Yet, because it cannot all be licensed transactionally (song-by-song), a blanket or repertory license is required. It may be offered by a CMO of course, but also possibly by new commercial entities.

Music file-sharing started as a centralized system known as Napster. The demise of Napster was made possible in large part precisely by its easily locatable (identifiable) and “controllable” nature. There were only a few servers to shut down and their owner/operator were easy to find. Exchanges of music files continued after Napster, and events since 2001 seem to beg the question whether the music industry underestimated the strength of the demand for, and the societal role of, file-sharing. Could it be that what they wrongly perceived as simple intellectual property theft (which should be fought in the same way as, say, shoplifting) could also and simultaneously be portrayed as a new form of interest-based social interaction?

80 See WIPO, *Berne Convention Centenary: 1886–1986* (Geneva: WIPO, 1986) at 94 and subsequent; and Mihály Ficsor, “Guide to the Copyright and Related Rights Treaties Administered by WIPO and Glossary of Copyright and Related Rights Terms” (Geneva: WIPO, 2004) at 41–42.

If the above analysis of the interplay between technology, law and what can broadly be referred to as the “market” is correct, then what will happen over the next year or two is also easy to predict. While the legal battles concerning the validity of subpoenas are not over at the time of this writing,⁸¹ it is clear that if the music industry is (and it seems to be at least partly) successful with its battle against individual Internet file-sharers, technology will again rise to the challenge.

Was the music industry right in shutting down Napster? In its (brief) heyday, Napster had, according to some estimates, 60 million registered users,⁸² a vast majority of whom were located in the United States. In those days (roughly 1999-2000), there were probably 80 to 90 million people in the US who could connect to the Internet. In other words, Napster reached approximately two thirds of its total potential market, numbers most marketing experts can only dream of. The music industry argued that it was losing sales of compact discs,⁸³ even though empirical data concerning the causality of the decline remained unclear and somewhat vague.

81 In Canada, the Federal Court of Appeal dismissed the music industry’s initial lawsuit without prejudice to their right to file new claims based on better evidence (see note 41 above). In the United States, despite an interesting decision by the DC Court of Appeals basically stating that the DMCA was “intended” to apply to a centralized model, not to P2P (see *RIAA*, above note 22 at 1238), new claims are regularly filed.

82 See Robert X. Cringely, “Son of Napster: One Possible Future for a Music Business That Must Inevitably Change” PBS News (24 July 2003), <www.pbs.org/cringely/pulpit/pulpit20030724.html>.

83 It may be relevant to recall that text publishers tried to ban photocopying in the 1970s. **All or almost all publishers now license photocopying generated \$107.3-million of revenues in the US in 2003, and \$250-million worldwide in so-called reprography fees and levies.** That may not sound like a lot, but when one considers it is basically all bottom-line cash, it is the rough equivalent of (assuming profits of 10 percent of gross revenues) \$2.5-billion in gross sales. See International Federation of Reproduction Rights Organization, <www.ifrro.org/members/index.html> and “Copyright Clearance Center, Inc. 2003 Report to Rightsholders” Copyright Clearance Centre, <www.copyright.com> (on file with author). A more “poignant” example is the movie industry’s attempt to have time-shifting of movies (and other television content) declared “unfair use” under 17 U.S.C. § 106 <www4.law.cornell.edu/uscode/html/uscode17/uscode17_00000106----000-.html> and §107 <www4.law.cornell.edu/uscode/html/uscode17/uscode17_00000107----000-.html>. Their attempts failed (see *Sony*, above note 47). Movie rentals are now a major source of income for the industry. Had time-shifting been banned, it is reasonable to assume that the installed base of VCRs would have been minimal, thereby preventing the growth of this segment.

Others argued that lower sales were due (at least in part) to a variety of other factors, including lower quality of new releases, the end of the vinyl to CD replacement market, etc. It is nonetheless fair to assume that, while the industry's data about the cause(s) of the decline are soft, a significant number of CD sales were lost to music downloads.⁸⁴

The following hypothesis is offered to argue that it was not the optimal course of action. What if Napster users had been offered the possibility of continuing to share music for a modest licensing fee \$5/month? What if this option was offered to music file-sharers? This \$5 level is not chosen at random. There is clearly an optimal price point, i.e., one that accelerates adoption (or reduces the transition period) and generates maximum income.⁸⁵ Based on standard microeconomic analysis, at a higher price, there would normally be fewer users willing to pay, but total revenues might still be higher than at a lower fee paid by more users. While it is thus dif-

84 According to the International Federation of the Phonographic Industry (IFPI) and other sources, worldwide sales of recorded music fell by 10.9 percent in value and by 10.7 percent in units in the first half of 2003. See International Federation of the Phonographic Industry, "Global sales of recorded music down 10.9 percent in the first half of 2003" International Federation of the Phonographic Industry (October 2003), <www.ifpi.org/site-content/press/20031001.html>. However, the trend has now stopped and may in fact have been reversed. According to the Canadian Recording Industry Association (CRIA), "global sales of recorded music were flat in 2004, with a slight reduction in physical audio sales offset by growing sales of DVD music videos and a sharp increase in sales of digital music. Regionally, 2004 saw strong markets in the US and UK and a slowing rate of decline in other major markets. Sales of physical formats declined by 1.3 percent in value (and by 0.4 percent in units) to US\$33.6 billion. (The growth calculation is net of exchange fluctuations, comparing with US\$34.1 billion in 2004). But with sales of music downloads via the internet and mobile phones making their first mark on the global market in 2004, total global sales are estimated to be flat in comparison to the previous year. Even excluding digital sales, 2004 was the best year-on-year trend in global music sales for five years. Sales of top-selling albums reversed several years of decline. Top 10 albums sales globally rose by 14 percent, while the top 50 albums were up 8 percent in value. Eight albums sold more than five million in 2004, up from five in 2003. Digital sales rose exponentially, with the total number of tracks downloaded in 2004 (including album tracks) up more than tenfold on 2003, to over 200 million in the four major digital music markets (US, UK, France, Germany). The trend has continued in 2005, with digital sales in the US in the first two months more than double that of the same period in 2004." Canadian Recording Industry Association, "Global Music Retail Sales, Including Digital, Flat In 2004" (March 22, 2005), <www.cria.ca/news/220305_n.php>.

85 Available data about music price points seem to corroborate the validity of the \$5 level. See Daniel Gervais, "The Price of Social Norms," above note 26.

difficult to precisely ascertain appropriate price differentials, reasonable estimates can be made.

There are approximately 20,500,000 Internet users in Canada.⁸⁶ Two thirds of them engage in either occasional or heavy file-sharing. The potential market for a license is thus approximately 13,670,000 users. Assuming a \$5/month license to file-share, and assuming that between 50 percent and 70 percent of those who file-share would eventually accept to pay the fee, the licensing market is then of between \$500 and \$700 million dollars per year. Given the size of the Canadian music industry, and given that there is no cost of sales (except possibly “sharing” with whoever collects the \$5/month), the bulk of those revenues would be paid to artists, composers and record companies. While it is true that a significant portion of revenue for English-language music would be paid to foreign rightsholders, there is an issue of fairness to foreign rightsholders and one of compliance with our treaty obligations to consider. It would also be possible to keep part of the revenue to promote Canadian music, as part of a special fund.

How would one implement such a system? As mentioned above, the Board could, in theory, use its powers under section 70.15 to authorize a collective to license all rightsholders of a certain category for a defined use, by limiting the recourses of non-members to the amount set by tariff, at least until those rightsholders expressly choose to opt out. It could similarly request that collectives post a list of rightsholders who have opted out. This is, in fact, the purpose of the Extended Repertoire System. It would be cleaner for Parliament to provide more specific conditions under which such an extension should be granted. This is what I attempted to demonstrate in a report prepared for Heritage Canada in 2003.⁸⁷

Users could be encouraged to sign up in various ways. The most efficient is to offer terms that are fair and balanced, and that fully respect the privacy of users as well as existing exceptions. This could be achieved efficiently in setting the conditions of a tariff by the Board.⁸⁸ Many users understand that authors and artists need income, but do not agree

86 See “North American Usage and Population” Internet World Stats: Usage and Population Statistics, <www.internetworldstats.com/stats2.htm#north> (Updated 12 June 2005).

87 See Daniel Gervais, “Application of an Extended Collective Licensing Regime in Canada: Principles and Issues Related to Implementation” (June 2003), <www.pch.gc.ca/progs/ac-ca/progs/pda-cpb/pubs/regime/index_e.cfm>.

88 The price would be a dominant factor in ensuring acceptance. That would obviously be a dominant consideration in Board hearings.

with wide-ranging attempts to reduce their enjoyment of music and other works. They would be more inclined to accept a tariff if the use of the funds collected was transparent. Acceptance levels may be higher if part of the funds were retained to create a Music Fund for Canadian creators, artists and producers (and possibly for other types of works as well).

Technology could make acceptance more compelling. Users who pay the fee could, for example, access a file-sharing community supported by the industry which would be clean (i.e., no corrupted files or spoofs) and that may include rewards (free downloads, etc.). Payment by users would not only give them a “clean conscience” motivated by the desire to ensure that authors and artists are fairly compensated, but also offer them valuable services. It can be done.

E. CONCLUSION

Historically, copyright was a tool used to create the necessary level of scarcity among professional users. Authors dealt with a single publisher (in a given territory), allowing the market to be properly organized and that publisher to make a return on his investment, allowing him in turn to pay the author. Copyright was also useful in fighting piracy in the form of (often professionally produced) pirated goods. The private sphere of users was left alone, either through the application of privacy principles, chattel rights of “owners of copies” or specific exceptions such as private use/copying.

On the Internet, the fight against “piracy” has revealed, first, that it is much harder to target professional pirates who distribute virtual pirated copies. However, more importantly, copyright has tried to enter deep into the private sphere of end-users, thus breaking with two centuries of tradition and practice. The justification is that end-users are no longer at the end of a consumption chain, but a part of a vast redistribution network, the best example of which is probably peer-to-peer file-sharing. Yet, in confronting users and their privacy right, copyright may have taken on more than it can chew. Copyright’s power to exclude was never used against end-users. In this Chapter, I argued that it should not, for legal, technical and commercial reasons. First, legally, using copyright to exclude use by end-users is not working. Those lawsuits may reduce the level of acceptance of the underlying copyright principles by the general public and of the rule of law itself. Second, technologically, users always seems to be a step ahead of “the law.” If ISPs have to reveal the identity of their subscribers who file-share in court proceedings, those users will turn to

anonymizing technologies. This may have security implications well beyond copyright. Third, commercially, use on the Internet is not a marginal use to be fought but a main use to be reckoned with fully.

The only way of the three-prong quandary is to license Internet uses fairly, thereby ensuring revenue for creators, publishers and producers, while respecting users' privacy and uses covered by exceptions to copyright. The best way to implement such a license would be for the Copyright Board to grant appropriate collectives the power to represent all rightsholders concerned. The Board may already have the statutory ability to do so, but a clean implementation of the Extended Repertoire System (ES) would afford stronger guarantees of transparency and fairness for all those involved.

Crown Copyright and Copyright Reform in Canada

Elizabeth F. Judge*

A. INTRODUCTION

This book is devoted to copyright reform and responds in large part to the recent copyright reform process and the government's proposals in Bill C-60, *An Act to amend the Copyright Act*.¹ Numerous copyright issues have been raised in this recent round of reform proposals and the public consultation process. In light of the ample complexity of the issues in the current reform agenda, this article has a somewhat strange premise. It seeks to call attention to Crown copyright, an area that is not included on the current copyright reform agenda but is slated for review as a "medium-term" issue, and to argue that this review should be prioritized and that significant revisions in the Crown copyright scheme should be implemented.

Crown copyright, or government copyright, refers generally to copyright in materials produced by the government. Practices with respect to government works vary tremendously across jurisdictions.

* I wish to thank Ryan Ross for his excellent research assistance and dedication to this project. I am grateful for funding from the Centre for Innovation Law and Policy at the University of Toronto and from the Law Foundation of Ontario.

1 Bill C-60, *An Act to amend the Copyright Act*, First Reading in the House of Commons on 20 June 2005, <www.parl.gc.ca/38/1/parlbus/chambus/house/bills/government/C-60/C-60_1/C-60_cover-E.html>.

The tension with Crown copyright has been a push and pull for the government between, on the one hand, the acknowledged need to provide wide access to government information, particularly laws, in a free and democratic society and, on the other hand, the inclination to exercise government control over the printing of materials. Canada's conclusion thus far has been that Crown copyright must be retained in order to ensure accuracy and integrity of government materials. The exercise of Crown copyright is often combined with permissive licensing to reproduce materials, as is the situation with federal law.

This article argues that Canada should engage in a comprehensive review of Crown copyright in the short term and suggests changes to the Crown copyright system. In support of that joint objective of review and reform, this chapter provides a summary of other jurisdictions' approaches to government ownership of government-produced works. Canada's policy on Crown copyright parallels that which many Commonwealth jurisdictions had in place, but it needs to be modernized. The United Kingdom, Australia, and New Zealand have all addressed Crown copyright in recent copyright amendments or reform proposals or are engaged in a review of Crown copyright. In many other jurisdictions, primary law, such as legislation and judicial decisions by courts and tribunals, is not covered by copyright and can be freely reproduced.

The article concludes by recommending that Crown copyright should not apply to public legal information because those works are produced with the obligation to make them available for the purposes of public access and notice of the law. While accuracy and integrity of those materials are important objectives, and while copyright may have been an appropriate legal mechanism at one time to achieve those ends, other legal, and technological, mechanisms are better suited now to ensure accuracy and integrity, while at the same time facilitating the public's access to those materials. Government ownership of public legal materials is a blunt instrument to approach the laudable goals of facilitating the dissemination of accurate and timely public legal information and may, to the contrary, work to deter and delay the circulation of law in accessible formats. With respect to other government-produced works, the article recommends that the Crown copyright statute should be re-drafted to clarify (and narrow) the category of works to which it applies and to specify reciprocal obligations by government to publish these materials in publicly accessible formats and media using appropriate updated technologies.

B. CROWN COPYRIGHT

1) General Description

Crown copyright is sometimes thought of as a single idea encompassed by a single statutory section in the *Copyright Act*, but it is more accurately conceptualized as having three general sources: 1) section 12's substantive provision; 2) the historic royal prerogative referred to in the introductory clause to section 12 which predates statutory copyright provisions and is of perpetual duration; and 3) general copyright provisions in the *Copyright Act*, including such provisions as the ownership rules governing copyright of works by employees.

2) Section 12

Section 12 provides for Crown copyright and preserves the pre-statutory Crown prerogative to publish such government materials as judicial decisions and legislative enactments. Section 12 of the *Copyright Act* provides that "where any work is, or has been, prepared or published by or under the direction or control of Her Majesty or any government department, the copyright in the work shall, subject to any agreement with the author, belong to Her Majesty" for a period of fifty years following the end of the calendar year of the publication of the work.²

It is trite law that copyright law is wholly "a creature of statute" in Canada.³ Section 89 of the *Copyright Act* explicitly states that "[n]o person is entitled to copyright otherwise than under and in accordance with the Act or any other Act of Parliament"⁴ This principle that copyright is "purely statutory law"⁵ and that statutory "rights and remedies" are "exhaustive"⁶ has been affirmed repeatedly by the Supreme Court of Canada to dispel the

2 *Copyright Act*, R.S.C. 1985, c. C-42, <<http://laws.justice.gc.ca/en/C-42/>>, s. 12.

3 *Théberge v. Galerie d'Art du Petit Champlain inc.*, [2002] 2 S.C.R. 336 at 338, <www.lexum.umontreal.ca/csc-scc/en/pub/2002/vol2/html/2002scr2_0336.html>, 210 D.L.R. (4th) 385, 17 C.P.R. (4th) 161, 285 N.R. 267 [*Théberge* cited to S.C.R.].

4 **Above note 2 at s. 89.**

5 *Télé-Métropole Inc. v. Bishop*, [1990] 2 S.C.R. 467 at 477, (*sub nom. Bishop v. Stevens*), <www.lexum.umontreal.ca/csc-scc/en/pub/1990/vol2/html/1990scr2_0467.html>, 72 D.L.R. (4th) 97, 31 C.P.R. (3d) 394 [*Télé-Métropole* cited to S.C.R.].

6 *Théberge*, above note 3 at 338. See also *Compo Co. v. Blue Crest Music* referring to copyright as "neither tort law nor property law in classification, but is statutory law." *Compo Co. v. Blue Crest Music Inc.*, [1980] 1 S.C.R. 357 at 372-73, 105 D.L.R. (3d) 249, 45 C.P.R. (2d) 1, 29 N.R. 296 [*Compo* cited to S.C.R.].

idea of either common law or natural law copyright in Canada. Copyright law is of federal competence according to article 91(23) of the *Constitution Act*, 1867 which enumerates copyright as a federal head of power.⁷

That said, section 12 begins by preserving historical copyright privileges, which pre-exist the copyright legislation. Section 12 is introduced with the important caveat that it is “[w]ithout prejudice to any rights or privileges of the Crown.” This residue preserves the traditional royal prerogative to print certain works.

C. ORIGINAL REASONS FOR CROWN COPYRIGHT

Several reasons have been proffered to justify Crown copyright, which can be summarized as accuracy and integrity (including moral rights-type issues of association and attribution), and more general concerns that the government be able to control and supervise publication of government works as the public’s trustee.⁸ Early English commentary averred that legislation and judicial decisions were simply the “property” of the King since “he saith” the laws and pays the Judges.⁹ It has been argued that Crown copyright inures to the public benefit because it provides publications at a lower cost than commercial private publishers could. Some also argue that Crown copyright is an important revenue-generating mechanism for the government. These reasons continue to be raised by those jurisdictions choosing to retain Crown copyright after modern reviews of copyright law. The United Kingdom, for example, in a 1999 White Paper, reiterated that Crown copyright is needed to protect the integrity of government works and to ensure their “official status” by serving as a “brand” of “status and authority.”¹⁰

Some of these rationalizations in support of Crown copyright were initially well-intentioned to serve public purposes, and the idea of having government ownership and publication control was a reasonable approach to meet the objectives of accuracy and integrity, and certainly was logically

7 *Constitution Act*, 1867 (UK), 30 & 31 Vict., c. 3, reprinted in R.S.C. 1985, App. II, No.5.

8 See, for example, *Millar v. Taylor*, 4 Burr. 2303 (1769); *Rex v. Bellman* (1938), 3 D.L.R. 548 (NB SC (AD)); *Attorney General of New South Wales v. Butterworth & Co. (Aus.) Ltd.* (1938), 38 N.S.W. S.R. 195.

9 *The Stationers v. The Patentees about the Printing of Roll’s Abridgement* 1661 (Eng.) 124 E.R. at 843.

10 United Kingdom, Minister for the Cabinet Office, *Future Management of Crown Copyright*, CM 4300 (London: Her Majesty’s Stationer’s Office, 1999), <www.hmso.gov.uk/archives/copyright/future_management_cc.doc> at para. 5.1.

linked to the goal of revenue generation. Historically, it can be argued that the public purposes of ensuring authentication, accuracy, integrity, public notice, and credentialing were usefully, even best, served by the Crown copyright regime. Given a world in which printing was the method of disseminating government information, where piracy and forgery were rife, and where the printed word might circulate far in time and space from the originator of the words, it made some sense for the Crown to exert control over the printer by asserting ownership in the content in order to ensure that the public received accurate and (relatively) timely works in full.

However, the original reasons put forth to justify Crown copyright either no longer apply or, where they do continue, can be better served by other legal or technological means than asserting ownership over the materials and controlling the means of reproduction. Copyright, in short, is not the best way to achieve the public purposes for which the Crown copyright system was designed. Instead, Crown copyright should be clarified and narrowed in its scope and re-designed to better balance the interests of the public and to take advantage of information and communication technologies.

Crown copyright should be repealed with respect to its application to public legal materials. Instead, Parliament should enact a dedicated statute covering the ownership and publication of public legal information. For other categories of government-produced material, the Crown copyright provision in section 12 of the *Copyright Act* should be amended. The provision should be re-drafted to elucidate its scope and application, to add provisions specifying governmental obligations with respect to publishing these works (apart from constitutional obligations and existing statutory requirements providing for the publication of court decisions, regulations, and legislation,¹¹ and obligations arising under such regimes

11 Constitutional obligations could arise from the general rule of law and, more specifically, publication requirements for official languages purposes. Federal and provincial statutes include requirements to publish statutes and regulations, and court decisions. Those legislative obligations that exist, however, are focused more on transparency, rather than on achieving freely available public access sources for government-produced materials and promoting technological enhancements. For a discussion of Canadian requirements to publish the law and specific statutory provisions, see Tom McMahon, "Improving Access to the Law in Canada with Digital Media," <www.usask.ca/library/gic/16/mcmahon.html> at s. 2. McMahon concludes, "[D]espite these legal obligations to publish the laws, there is nothing that expressly requires governments or courts to publish the laws using modern media, to publish in a medium that has the potential to reach the widest audience, or to make the laws available at the lowest marginal cost of reproduction." *Ibid.* at 21.

as the *Access to Information* legislation¹²) and to eliminate the reference to the royal prerogative. The royal prerogative makes it difficult for users to ascertain what types of materials are covered in this perpetual printing right. Moreover, many types of materials for which royal prerogative is claimed, such as legislation and regulations, would in any event be covered by Crown copyright under the statutory application of the substantive portion of section 12, and making the entire scheme statutory would simplify Crown copyright.

It should also be emphasized that there is nothing in this proposal that would limit the government's ability to continue to offer publications of government works; in fact, this chapter contends that government should have a positive duty to continue to publish official versions and to do so in both print and digital formats. The government versions should include credentialing markers to indicate that these official versions have the "status and authority" of being published by the government's designated printer. The special scheme for official marks under the *Trade-marks Act* could be used to prevent other versions from being presented as "official."¹³ For example, the United Kingdom's Office of Public Sector Information's website, containing an electronic version of the 1988 copyright legislation published by the Queen's Printer of Acts of Parliament, states:

the right to reproduce the text of Acts of Parliament does not extend to the Queen's Printer imprints which should be removed from any copies of the Act which are issued or made available to the public. This includes reproduction of the Act on the Internet and on intranet sites. The Royal Arms may be reproduced only where they are an integral part of the official document.¹⁴

A specific mark could also be adopted for the official versions of individual categories of government materials such as public legal information.

Indeed, the recommendations proposed here envisage the government taking on more responsibilities with respect to publishing public legal information, at the same time that non-governmental publications of public legal information would be encouraged. The recommendations propose that the government commit to making public legal information available in of-

12 *Access to Information Act*, R.S. 1985, c. A-1, <<http://laws.justice.gc.ca/en/a-1/8.html>>.

13 *Trade-Marks Act*, R.S.C. 1985, c. T-13, <<http://laws.justice.gc.ca/en/t-13/105826.html>> [*Trade-marks Act*], s. 9(1)(n)(iii).

14 **Electronic version of the Copyright, Designs and Patents Act 1988 (UK)**, c. 48, <www.opsi.gov.uk/acts/acts1988/UKpga_19880048_en_1.htm>.

ficial versions in print and digital formats. The government would also keep the role of archiving and preserving these works, of ensuring that databases are in relatively stable locations, and that materials remain permanently accessible even as formats and media become obsolete. That is, the proposal does not suggest that government should entirely privatise the publication of official materials, but that Crown copyright should be removed at all levels of government for public legal information to facilitate other publication providers offering versions of these materials. The government would carry on its role of providing *official versions* of public legal information with their attendant branding to indicate accuracy and integrity; and, as such, there could be different treatments accorded these versions with respect to authentication and evidentiary weight for public submissions.

D. SCOPE OF CROWN COPYRIGHT

1) Government Works

What exactly Crown copyright covers is unfortunately murky. Leaving aside the introductory clause, section 12 covers any work prepared or published under the direction and control of the Crown or any government department. Unless there is a contractual agreement that the individual author has copyright, the copyright in such works belongs to the government. This is one of the exceptions to the general presumption under copyright law that the author of a work is the first owner.¹⁵ To take an example, where an individual who is a government employee writes a report in the regular scope of her duties, the copyright belongs to the government unless there is an agreement to the contrary. Likewise, where an independent contractor prepares a report “under the direction or control” of the government, the copyright belongs to the government.

A high-water mark for the application of Crown copyright in works prepared by employees of the government came in *Hawley v. Canada* before the Federal Court of Canada.¹⁶ In that case, a prisoner who painted a large landscape picture as part of his rehabilitation while at a correctional facility was found to be a government employee and his artwork to belong to the government by the application of section 13(3). Section 13(3) specifies that where an author of a work is employed by another under a contract of service and makes the work as part of his employment, the employer is

15 *Copyright Act*, above note 2, s. 13(1).

16 *Hawley v. Canada* (1990), 30 C.P.R. (3d) 534 (F.C.T.D.) [*Hawley*].

the first owner of the copyright unless a contract specifies otherwise. The prisoner, on his release, was denied permission to take possession of the physical work and to photograph the work for his portfolio and he sued for the painting. The Federal Court found that the work had been commissioned by the prison authorities, who selected a theme based on the prisoner's art portfolio, that the painting was intended to decorate the correctional facility, had been painted during the prisoner's assigned work hours and that he had been remunerated for it (at six dollars per diem). The Crown therefore owned the painting and its copyright.

A further uncertainty is the scope of the "Crown" in Crown copyright. Does Crown copyright extend only to the Federal government (the Crown in right of Canada) or does it include the provinces and territories (for example the Crown in right of Ontario)? Within the Federal government, which entities are part of the Crown? And, does the Crown include only the executive branch of the government or does it also include the legislative and judicial arms?¹⁷

The types of materials prepared and published under the direction and control of the government are quite extensive. In addition to the obvious "government" documents such as public legal materials, government works include maps, surveys, census information, statistics, government forms, books and films, and many other materials.

2) Royal Prerogative

The royal prerogative is not a type of copyright right but more properly a property right, or a prerogative right, granting a monopoly in printing of perpetual duration. It is not subject to the usual statutory copyright term. The royal prerogative is referenced at the start of section 12 of the *Copyright Act* — the section is "without prejudice to any rights or privileges of the Crown," using language which was adopted from the former UK 1911 copyright legislation.

This introductory clause exaggerates the indeterminacy of the scope of Crown copyright because the type of materials covered by the "royal pre-

17 See Barry Torno, *Crown Copyright in Canada: A Legacy of Confusion* (Ottawa: Consumer and Corporate Affairs Canada, 1981) especially at 6–7, 15–20, 28–38. Australia's Copyright Law Review Committee considered the scope of the "Crown," whether the "Crown" includes the legislative and judicial arms of government as well as the executive, and factors for determining whether government entities should be considered the "Commonwealth" and "State." See *Crown Copyright Final Report* (Aus.), below note 93, c. 2 & 8.

rogative" relates back to its historical origins and there is no exhaustive list of the categories of works that are covered.¹⁸ The royal prerogative included many powers, one of which was related to printing.¹⁹ In the United Kingdom, Crown grants based on the royal prerogative accorded exclusive printing and publication rights. These Crown grants included at least the King James Bible, Measures of the Church of England, statutes, and judicial decisions. Crown copyright in legal materials in Canada, including reasons for judgment by courts and tribunals, have been claimed to derive from the traditional prerogative power to publish certain materials.²⁰

3) Reproduction of Federal Law Order

Although there has been scholarly debate off and on about Crown copyright, which was re-invigorated by advocates of free public law in cyberspace,²¹ and Crown copyright has been included in copyright reform studies by the government for several decades, the general attitude toward Crown copyright has been complacent. It might be argued that the public is simply not familiar enough with the contours of copyright, much less the intricacies of Crown copyright, to be bothered. But even among copyright specialists, Crown copyright has not generated as much attention in the swirl of recent copyright debates. This may either be explained by, or be the cause of, its omission from the short-term copyright reform agenda. On the academic front, this may be partially explained by the fact that the scholarly debate has been spurred by news, court cases involving peer-to-peer file sharing, and digital copyright issues. Crown copyright could be characterized as a musty concept that is not overly pressing, in the face of other attention-grabbers. This view, I think, is misguided. Crown copyright is not only integral to the digital copyright reform agenda but, as it significantly affects access to justice, is a core aspect of the extent to which citizens know the law and, in turn, can exercise such rights as freedom of expression to comment on it.

18 "Constitutional changes have shattered the idea of prerogative but there remains in the Crown the sole right of printing a somewhat miscellaneous collection of works, no catalogue of which appears exhaustive." *Rex v. Bellman*, above note 8, Baxter C.J.

19 For a list of prerogative powers, see Torno, *Crown Copyright in Canada*, above note 17 at 4–5.

20 See *ibid.* at 13, 38–45; David Vaver, "Copyright and the State in Canada and the United States" (1996) 10 I.P.J. 187 at 189–90.

21 In the 1990s, especially, there was a flurry of debate. See, for example, the collection of articles published in volumes 10 and 11 of the *Intellectual Property Journal* (1996) on Crown copyright.

This lingering attitude that Crown copyright is not a high priority issue may be due to a sense that the issue was discussed and adequately addressed by the *Reproduction of Federal Law Order*. In December 1996, an Order in Council was made with an annexed *Reproduction of Federal Law Order* where Crown copyright in federal statutes and decisions of federal courts and tribunals was retained, but the government provided blanket permission for the public to reproduce this law as long as certain conditions of accuracy and authentication were met.²² The preamble to the Order in Council acknowledged that it was of “fundamental importance” that the law be “widely known” and that the citizens of a “democratic society” should have “unimpeded access” to law, and thus the federal government would license the public’s reproduction of federal law to facilitate such access. According to the annexed *Reproduction of Federal Law Order*:

Anyone may, without charge or request for permission, reproduce enactments and consolidations of enactments of the Government of Canada, and decisions and reasons for decisions of federally-constituted courts and administrative tribunals, provided due diligence is exercised in ensuring the accuracy of the materials reproduced and the reproduction is not represented as an official version.

The *Reproduction of Federal Law Order*, however, while laudable for increasing access to the law, judged relative to the situation before the order was made, is not a panacea. The Order fails to provide “unimpeded access” to law, a failure which is exacerbated as information and communication technologies improve over time. The Order does not cover all legal information. By category, it covers only the “federal law” of statutes, consolidations, and court and tribunal decisions; it does not license the public to reproduce any other kind of public legal information. Moreover, the Order covers only the Government of Canada, not the provinces or municipalities.

The Order also permits the public to (only) “reproduce” federal law. Whether the scope of the federal order includes all media and forms of reproduction, including Internet access, html, PDF, or scanned formats; whether it extends to give permission to the separate right under copyright law to communicate to the public by telecommunication; and whether the permission extends to Canadian law posted and accessed outside of Canada are not clear. These ambiguities potentially affect the willingness of private publishers to provide digitally enhanced versions of public le-

22 PC 1996-1995, SI/97-5, 19 December 1996, <<http://laws.justice.gc.ca/en/otherreg/SI-97-5/189099.html>>, vol. 131, no. 1 *Canada Gazette* — Part II 444 (8 January 1997).

gal information. The residual and perpetual Crown prerogative to publish judicial decisions and legislative enactments likewise leave a persistent uncertainty as to users' rights to access and reproduce the material in all media and formats. This contrasts with the updated language of the United Kingdom which, with respect to legislation, expressly permits "by way of illustration" "reproducing and publishing the Material in any medium," "reproducing the Material on free and subscription websites which are accessible via the Internet," "establishing hypertext links to the official legislation web sites," "reproducing the Material on Intranet sites," and many other uses such as inclusion in theses and student course packs.²³

1) Provinces and Territories

The provinces and territories, in contrast to the Federal Government, vary in approaches toward public access to law, but the trend overall is to provide increasingly more permissive access to public legal information. New Brunswick announced in April 2005 that it would offer free full-service Internet publication of all its public acts and regulations in both French and English, in a fully automated Internet publication service providing automatic updates, full searching, and historical versions of public acts and regulations.²⁴

Many provinces follow a similar model to the Government of Canada's approach of claiming Crown copyright and allowing reproduction, although the provinces are more restrictive with respect to the permitted purposes. Where the Government of Canada's *Reproduction of Federal Law Order* permits "anyone ..., without charge or request for permission, [to] reproduce," the provinces generally restrict their permission to non-commercial personal uses and require further permission for commercial purposes. The copyright notice for Manitoba Justice, for example, provides that any user may reproduce the information without charge or request for permission for "non-profit educational purposes," but specific permission for any other purpose must be obtained.²⁵

Ontario asserts Crown copyright and is fairly permissive with respect to reproduction for non-commercial purposes. The Government of Ontario

23 "Guidance — Reproduction of United Kingdom, England, Wales, and Northern Ireland Primary and Secondary Legislation," Number 6, 27 October 1999, rvsd. 9 May 2005, <www.opsi.gov.uk/advice/crown-copyright/copyright-guidance/reproduction-of-legislation.htm>.

24 "E-Laws to give New Brunswickers better access to justice," 27 April 2005 <www.gnb.ca/news/just/2005eo480ju.htm>.

25 Province of Manitoba, Manitoba Justice "Disclaimer and Copyright" <www.gov.mb.ca/justice/disclaimer/>.

website expressly states the materials are “protected by Crown copyright unless otherwise indicated, which is held by the Queen’s Printer for Ontario.” For “non-commercial purposes,” reproduction of the materials can be made providing “credit is given and Crown copyright is acknowledged.” For commercial purposes, the “materials may only be reproduced ... under a licence from the Queen’s Printer, with the exception of Government of Ontario legal materials (statutes, regulations and judicial decisions).”²⁶ Legal materials are separately treated in a model paralleling the *Reproduction of Federal Law Order*. Although copyright is claimed by the Queen’s Printer for Ontario, “any person” can reproduce both text and images of statutes, regulations, and judicial decisions “without seeking permission and without charge,” as long as they are accurate and not represented as an official version, acknowledge Crown copyright, and include a notice that it is an “unofficial version of Government of Ontario legal materials.”²⁷

The Yukon grants broad permission: “The legal material on this site may be reproduced in whole or in part and by any means without further permission from Yukon Justice,” providing the reproduction does not suggest it is officially endorsed by Yukon Justice.²⁸ The materials on the official site of the Legislative Assembly of Nunavut likewise may be reproduced “by any means, without further permission.”²⁹ At the other end of the spectrum, the Government of British Columbia takes a restrictive approach, stating for example of the province’s revised statutes online: “No person or entity is permitted to reproduce in whole or in part these *Statutes and Regulations* for distribution either free of charge or for commercial purposes unless that person or entity has a signed license agreement with the Queen’s Printer for British Columbia.” Only single copies of acts and regulations, in whole or in part, for “personal use or for legal use” are permitted.³⁰ Some provinces charge subscription fees for online comprehensive and current access to legislation by the provincial Queen’s

26 Government of Ontario, “Copyright,” <www.gov.on.ca/MBS/english/common/queens.html>.

27 Government of Ontario, “Policy on Copyright on Legal Materials,” <www.gov.on.ca/MBS/english/common/copypolicy.html>.

28 Government of Yukon, “Disclaimer and Copyright information related to this legislative material” <www.gov.uk.ca/legislation/pages/copydsc1.html>.

29 Legislative Assembly of Nunavut, “Bills and Legislation” <www.assembly.nu.ca/english/bills/index.html>.

30 British Columbia Ministry of Management Services Queen’s Printer, “Important Information About the Statutes and Regulations on this Web Site” <www.qp.gov.bc.ca/statreg/info.htm>.

Printer.³¹ Saskatchewan oddly calls the province's online access service for acts, bills, and regulations "Saskatchewan's Queen's Printer Freelaw®" service.³² Confusingly, "free" is less "free" than one might assume. Users can use the "free" Adobe reader to view and print PDF files for personal use. That service, though, is funded by the sale of paper copies. An additional characteristic of public legal information available on the official government sites is that these online versions are not official. Thus sample disclaimers on the official sites state that the legal information is provided "as is"³³ and are "prepared for convenience of reference only,"³⁴ and refer people "who need to rely on the text ... for legal and other purposes" to the "Queen's Printer official printed version."³⁵

With respect to other government materials, again the practices vary. The Privy Council Office, for example, permits reproduction for personal and public non-commercial use without charge or permission, providing there is attribution and accuracy, but prohibits commercial reproduction without prior permission in order that the "most accurate, up-to-date versions" are made available.³⁶ Federally, with respect to Government of Canada works, excepting primary federal legal information, the general Application for Copyright Clearance on Government of Canada Works requires applicants to submit information on the copyright right (reproduction, adaptation, revision, translation) for which the applicant seeks permission, the format, number of copies, end use, commercial sale price or cost-recovery basis, distribution area, and any prior approvals to use the same Crown copyrighted material.³⁷ Provincially, with respect to website contents on government sites, generally the copyright notices permit non-commercial reproduction, with the usual conditions of ensuring accuracy and not representing the versions as official, but require advanced

31 See, for example, Alberta Queen's Printer, QP Source Internet <<http://qpsource.gov.ab.ca/>>; British Columbia QP LegalEze <www.qplegaleze.ca/> (offering day, ten-day, and monthly passes and site licences).

32 Saskatchewan Queen's Printer, "Freelaw®" <www.qp.gov.sk.ca>.

33 Province of Manitoba, Manitoba Justice "Disclaimer" <www.gov.mb.ca/justice/disclaimer>.

34 Northwest Territories, Department of Justice, "Disclaimer" <www.justice.gov.nt.ca/Legislation/legislation_disclaimer.htm>.

35 British Columbia Ministry of Management Services Queen's Printer, "Important Information," above note 30.

36 Canada, Privy Council Office, <www.pco-bcp.gc.ca/default.asp?Language=E&Page=ImportantNotices>.

37 "Application for Copyright Clearance on Government of Canada Works," available at Crown Copyright, <<http://publications.gc.ca/helpAndInfo/cc-dac/application-e.html>>.

written permission for commercial purposes.³⁸ More permissively, the Government of Newfoundland and Labrador “grants permission for the information [on the official] website [in which the province holds copyright] to be used by the public and non-governmental organizations.”³⁹

E. PROBLEMS WITH THE CROWN COPYRIGHT SYSTEM IN PRACTICE

In practice, public access to legal information is unsatisfactorily resolved by the issuance of the *Reproduction of Federal Law Order*. Crown copyright is still inconsistent between levels of government. The federal government grants the public the right to “reproduce” federal law and does not expansively define what constitutes “federal law.” Provinces variously claim copyright without a general licence for reproduction or follow the federal government’s model of copyright with conditional permission to reproduce provincial law, usually for non-commercial purposes, or, in a few noteworthy cases, provide near unrestrictive rights to reproduce law.

Such uncertainty with respect to reproduction of public legal information produces uncertainty among the general public, which in turn leads to self-censoring and a chilling effect. Indeed this effect seems deliberate: the catalogue of types of works covered by the royal prerogative is resolutely undefined in the Canadian statute, referring only to “any rights or privileges of the Crown.” If the royal prerogative is retained, a specific list of materials to which it applies should be issued to provide the “exhaustive list” which has been missing.⁴⁰

Crown copyright’s negative effect on access to justice is exacerbated because commercial and individual providers are reluctant to take advantage of new technologies to provide access to legal information. The prerogative right looms, and the federal *Reproduction of Federal Law Order* and the provincial licences to reproduce law, where they exist, are tenuous since they can be revoked.

38 See, for example, Government of Yukon, “Copyright,” <www.gov.yk.ca/copyright.html>, Government of Saskatchewan, “Copyright Information,” <www.gov.sk.ca/copyright>.

39 Government of Newfoundland and Labrador, “Copyright,” <www.gov.nl.ca/disclaimer.htm>.

40 A similar proposal that “an exhaustive list of items coming with the prerogative be enumerated in any new Act” if the Crown retained prerogative copyright was recommended back in 1977. The Crown retained the royal prerogative, but did not incorporate a list of items in the legislation. A.A. Keyes & C. Brunet, *Copyright in Canada: Proposals for a Revision of the Law* (Ottawa: Consumer and Corporate Affairs Canada, 1977) at 226. See also *Rex v. Bellman*, above note 8, quoted in above note 18.

Another cascading effect results from the *Berne Convention's* national treatment principle requiring that a signatory country give citizens of other signatory countries the same treatment as its nationals. Followed strictly, one would need copyright permission under Canadian law in order to reproduce in Canada the primary law from a country that has placed that law in the public domain. Practically, it is unclear who could assert copyright ownership of other countries' public domain law in Canada.⁴¹

F. THE COPYRIGHT REFORM PROCESS AND STUDIES OF CROWN COPYRIGHT

Recommendations on Crown copyright have vacillated between support for abolishing Crown copyright and support for retaining Crown copyright but liberalizing the licensed uses in some manner.

A 1984 federal white paper, *From Gutenberg to Telidon: A White Paper on Copyright — Proposals for the Revision of the Canadian Copyright Act*, considered Crown copyright and recommended against abolition so that the Crown can enforce copyright “when such action is in the public interest.” The White Paper recommended guidelines be created “to assuage fears that the Crown might unduly restrict public access to important government materials” and that the following factors should be taken into account: furthering the broadest possible dissemination of information; protecting official material from misuse by unfair or misleading selection or undignified association or undesirable advertising; and recapturing public funds spent to create those works where a market demand exists. The White Paper stated that the Crown and not the individual writers of judicial opinions and legislation should own copyright in those works. The Crown prerogative to authorize the printing of legislative acts and judicial opinions should remain “in order to ensure the integrity of use of such works,” the White Paper concluded.⁴²

41 See Ysolde Gendreau, “Crown Copyright in Cyberspace: Teachings from Comparative Law” (1996) 10 I.P.J. 341 (discussing the rules of national treatment and the comparison of terms); Vaver, “Copyright and the State in Canada and the United States” above note 20 at 209 (discussing national treatment); and, on the application of the *Universal Copyright Convention*, B. Ringer & L.I. Flacks, “Applicability of the Universal Copyright Convention to Certain Works in the Public Domain in Their Country of Origin” (1979–1980) 27 Bull. Copr. Soc’y 157 cited in J.A.L. Sterling, below note 86.

42 Consumer and Corporate Affairs Canada, *From Gutenberg to Telidon: A White Paper on Copyright — Proposals for the Revision of the Canadian Copyright Act*, by Judy Erola & Francis Fox (Ottawa: Supply and Services Canada, 1984) at 75–76.

In 1985, the Sub-Committee of the House of Commons Standing Committee on Communications and Culture on the Revision of Copyright was formed to consider all aspects of copyright revision and to modernize the *Copyright Act*. The Sub-Committee's Report recommended a Charter of Rights for Creators.⁴³ Recommendations 10 to 12 of the Sub-Committee's report, and part of this Charter, involved Crown copyright issues and recommended that Crown copyright be abolished for some categories of materials and that the scope be greatly restricted for other categories. Recommendation 10 concluded that "[s]tatutes, regulations and judicial decisions of court tribunals at all levels of jurisdiction should be in the public domain." The Report pointed to the United States as a jurisdiction that put even more legal information into the public domain and had success with private publishers adding value to published legal information. The net effect, with the low-cost official versions, was greater variety and convenience for users. The Sub-Committee carved out those works which are "not documents needed for policy debate and evaluation," such as films by the National Film Board, as ones which should continue to have copyright.

The Sub-Committee further recommended that there should be no copyright in government works except for a moral right of integrity to ensure accuracy, and except for works produced by a Crown agency "to entertain rather than to assist in policy debate evaluation," and custom-made statistics with restricted circulation, "if it is found desirable to continue the practice of making these works available to particular users on a cost-recovery basis."⁴⁴

Significantly, the Sub-Committee also recommended that there should be parity between federal and provincial documents with respect to copyright and that the federal government should begin a consultation process with the provinces.⁴⁵

Crown copyright revision stayed dormant until the following decade. In 1995, the Information Highway Advisory Council recommended retaining Crown copyright but liberalising the government's approach to making Crown works available to the public. The Council advocated that, as a

43 *The Revision of Copyright, Minutes of Proceedings and Evidence of the Sub-committee of the Standing Committee on Communication and Culture, First and Second Reports to the House, 27 June–24 September 1985 [Revision of Copyright Sub-Committee Report]*. The Charter of Rights for Creators is Part I.C of the *Revision of Copyright Sub-Committee Report*.

44 *Ibid.*, Recommendation 11.

45 *Ibid.*, Recommendation 12.

default position, federal government information should be in the public domain, and that licensing should be on a cost-recovery basis.⁴⁶

In 1996 the *Reproduction of Federal Law Order* was made which instituted a change in the approach to some primary legal information. The Order did not place primary law in the public domain. The Government of Canada opted instead to adopt a moderate position, which retained Crown copyright but permitted users a blanket licence to reproduce without payment or permission. The Order does not cover provincial law, deviating from the Sub-Committee's recommendation in 1985 that there should be parity as to copyright in provincial and federal law.

A substantial revision of copyright law is now ongoing, with Phase III focusing on digital copyright issues. Crown copyright, however, has not been slated on the agenda for consideration as a short-term priority issue.

The section 92 report, *Supporting Culture and Innovation: Report on the Provisions and Operation of the Copyright Act*, tabled in October 2002, identified Crown copyright as one of the "medium-term" issues on the reform agenda, which were scheduled for review in a two to four year timeframe.⁴⁷ Since then, the copyright revision process has focused on the short-term issues.

The Standing Committee on Canadian Heritage presented an Interim Report on Copyright Reform in May 2004. That report focused on short-term issues from the Section 92 report and in particular copyright amendments which might be required to ratify the *WIPO Copyright Treaty* and the *WIPO Performances and Phonograms Treaty*, to both of which Canada is a signatory.⁴⁸ Crown copyright was not addressed by that May 2004 Report.

46 Industry Canada, Information Highway Advisory Council, *Connection, Community, Content: The Challenge of the Information Highway* (Ottawa, Supply and Services Canada, 1995), recommendations 6.7 (b) and (c).

47 *Supporting Culture and Innovation: Report on the Provisions and Operation of the Copyright Act* (Ottawa: Industry Canada, 2002), <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp00863e.html>>, at A.1.3 & C. The Section 92 Report follows up on the outline for copyright reform in Industry Canada and Canadian Heritage, *A Framework for Copyright Reform*, 22 June 2001 (Ottawa: Industry Canada and Canadian Heritage, 2001), <<http://strategis.ic.gc.ca/pics/rp/framework.pdf>>.

48 Canada, House of Commons, Standing Committee on Canadian Heritage, *Interim Report on Copyright Reform*, May 2004 (Ottawa, 2004), <www.parl.gc.ca/InfocomDoc/Documents/37/3/parlbus/commbus/house/reports/herirp01/herirp01-e.pdf>. The six issues in the Interim Report are private copying and WIPO ratification; photographic works, Internet service providers' liability; and three educational issues (use of Internet material for educational purposes, technology-enhanced learning, and interlibrary loans).

In March 2005, the Government of Canada tabled its Response to the Standing Committee on Canadian Heritage's May 2004 Interim Report. The Government response addressed most issues in the Interim Report but demurred on the educational use of Internet material, so as to initiate a public consultation process, and on the private copying regime. The Government's announcement at that time of the upcoming amendments to the *Copyright Act* stated that they would fulfill the Government's commitment to address the "short-term" copyright reform issues; the amendments are unfortunately unlikely to address Crown copyright, given that it is slated as a "medium-term" issue and the current Bill C-60 does not include Crown copyright provisions.⁴⁹

Finally, as part of the summary of copyright reform, the Supreme Court of Canada decided *CCH Canadian Ltd. v. Law Society of Upper Canada*,⁵⁰ which involved the reproduction for legal research purposes of private publishers' enhanced versions of primary law such as reported decisions, statutes, and regulations. The photocopied reproductions of commercially published legal materials that were at stake in the case were done by the Great Library of the Law Society of Upper Canada on a request basis for legal researchers.⁵¹ With respect to judicial decisions, the Supreme Court interestingly found that "the reported reasons, when disentangled from the rest of the compilation — namely the headnotes — are *not* covered by copyright. It would not be copyright infringement for someone to reproduce only the judicial reasons."⁵² The royal prerogative and section 12 are not discussed in *CCH*. The Court's assertion that reported reasons are "not" covered by copyright is at odds with the statement in the *Reproduction of Federal Law Order*, which assumes that there is Crown copyright in judicial reasons.

This recapitulates a long-standing debate as to whether judicial reasons in Canada are within Crown copyright as part of the prerogative right. The traditional position is that the "Crown" includes all three branches (judicial,

49 Above note 1.

50 *CCH Canadian Ltd. v. Law Society of Upper Canada*, 2004 SCC 13, [2004] 1 S.C.R. 339.

51 The copyright notice in the Ontario Reports, the reporter containing reasons for judgment that are edited under the authority of the Law Society of Upper Canada by LexisNexis Canada, Inc., is interesting to note. It asserts "all rights are reserved by the Law Society of Upper Canada. No part of this publication may be reproduced or transmitted in any form or by any means, including photocopying and recording, without the written permission of the copyright holder, application for which should be addressed to the Law Society of Upper Canada." Copies of individual decisions are permitted for fair dealing purposes.

52 *Ibid.* at para. 35.

executive, and legislative) of the government. The argument is that judges are officers of the Crown and thus reasons for judgment are Crown copyright protected. Others find this too reductionist and alternatively argue that judges are not part of the Crown, which properly encompasses only the "government," and that judicial independence suggests that judicial reasons are not owned by the Crown.⁵³ These scholars argue it is nearly inconceivable, so contrary is it to the rule of law, that the executive (or legislative) arms of the government could prevent a court's publication of its reasons for judgment. It has been suggested that judges' reasons for judgment may be one example where it is "inherent in the circumstances to recognize the claim to copyright would be contrary to public policy."⁵⁴ The Supreme Court's phrasing in *CCH* indicates that in the Court's view the original versions of judicial decisions disseminated by the courts are not copyright protected. If, however, judicial reasons are not already in the public domain and are not placed there during the copyright reform process, there may be good reasons to separate out Parliamentary copyright and judicial copyright from the rest of Crown copyright, as the legislatures and courts are better placed to ensure the accuracy and integrity of their own written materials.

The *CCH* decision applies fair dealing and other statutory copyright exceptions to commercially produced legal information, but leaves open the question of whether those statutory exceptions apply to Crown copyright protected materials derived from the royal prerogative.

Why has Crown copyright not been included in the current reform agenda as a priority issue? It might be tempting to interpret the fact that the Crown copyright section of the Government of Canada website is under revision as a sign of more immediate review.⁵⁵ However, there are no explicit statements that Crown copyright is on the government's copyright agenda in this latest round of reform in 2005–2006, and the Government's announcement of the upcoming amendments explicitly limited those to "short-term" issues.

53 In addition to the *CCH* case, above note 50, see, for example, on the prerogative right and judicial decisions, Gérard Snow, "Who Owns Copyright in Law Reports" (1982), 64 C.P.R. (2d) 49 (concluding that the "printing of all judgments, regardless of their original form of expression, probably remain to this day under the exclusive and indefinite control of the Crown by way of royal prerogative" at 66); Jacques Frémont, "Normative State Information, Democracy and Crown Copyright" [1996] 11 I.P.J. 19 at 25–29.

54 *British Columbia Jockey Club v. Standen* (1985), 8 C.P.R. (3d) 283 at 288, 22 D.L.R. (4th) 467 (B.C.C.A.) per Hutcheon JA. (concurring) [*British Columbia Jockey Club* cited to C.P.R.].

55 Government of Canada, <<http://publications.gc.ca/helpAndInfo/cc-dac/crownis-e.html>>.

As already stated, Bill C-60 does not include Crown copyright provisions.⁵⁶ In the wake of *CCH v. Law Society of Upper Canada*, a comprehensive consideration of Crown copyright's application to public legal materials would seem to be a logical step. Other jurisdictions have included Crown copyright reform and modernization in recent copyright amendments, even without the prompt of a high appellate court case to spur consideration.

Some speculations as to why Crown copyright is not explicitly on the reform agenda can be proffered. One might argue the following: Crown copyright is not a "digital copyright" issue, it can be isolated and studied as a single issue at a later time, it deserves more extensive review, or other issues are of a higher priority because they involve compliance with international treaty obligations, such as the WIPO Internet Treaties, which raise such issues as the "making available" right and the private copying regime.

Taking some of these in turn, Crown copyright is very much linked with digital technologies and could profitably be prioritized. Access to legal information in electronic formats is crucial to enabling the public to have notice of the law and to be able to debate it accordingly.

To be sure, there are other reform initiatives that should be undertaken for comprehensive reform and which deserve attention. This acknowledgment is to agree that there are other deserving candidates for copyright reform, yet to argue that these are in addition to, rather than supplanting, a priority consideration of Crown copyright. Some copyright measures that might be thought of as mere housekeeping may have a significant effect on people's perception of copyright, worthiness of the intellectual property right, the merits of the bargain struck, and willingness to abide by the copyright system. Failing to modernize copyright in a timely manner may inculcate a habit of disregard by the public and a shift in attitudes toward the copyright right. A good example is time-shifting for personal recording of television programs.⁵⁷ The same concerns could be raised about Crown copyright. It too risks inculcating a habit of disregard if public expectations as to access and reproduction rights with respect to public legal information are subverted.

56 See above note 1.

57 Australia's recent Issues Paper on fair use highlights time-shifting and format-shifting. See *Fair Use and Other Copyright Exceptions: An examination of fair use, fair dealing and other exceptions in the Digital Age*, Issues Paper, May 2005, <[www.ag.gov.au/agd/WWW/rwpattach.nsf/VAP/\(03995EABC73F94816C2AF4AA2645824B\)~FairUseIssuesPaper050505.pdf/\\$file/FairUseIssuesPaper050505.pdf](http://www.ag.gov.au/agd/WWW/rwpattach.nsf/VAP/(03995EABC73F94816C2AF4AA2645824B)~FairUseIssuesPaper050505.pdf/$file/FairUseIssuesPaper050505.pdf)>, s. 11 "Possible new exceptions to copyright."

G. WHY CROWN COPYRIGHT SHOULD BE REFORMED

My concern in this chapter is to highlight especially the effect of Crown copyright on access to legal information. In a free and democratic society, access to the law is of foundational importance. The maxim that individuals are not excused by an ignorance of the law imposes a duty on citizens to be familiar with the law; for this duty to operate fairly, there must be a parallel obligation for the government to make the law available (and “law” here should be construed broadly). This obligation should be a dynamic one so that the means and media by which the law is made known incorporate advances in technologies in a timely manner to enable citizens to have as unrestricted an access to the law as possible. The duty to disseminate can be seen as a correlative aspect of a Crown copyright right to publish, and, regardless of whether Crown copyright is retained, as an integral part of the government’s responsibilities to the public. The fulfillment of this duty to disseminate should evolve over time such that merely providing access to printed versions of the law should not suffice where the means exist to provide immediate access to technologically-enhanced government information to the public.

Some scholars have persuasively argued that in a global community, with an increasingly networked world and trans-national trade, the obligation to make law publicly accessible also extends beyond enabling citizens to access their own jurisdiction’s law to enabling foreign actors to access the national laws of other countries.⁵⁸ For this purpose, the publication of official versions in digital format on the Internet is vital.

H. DOES THE SUBJECT-MATTER OF CROWN COPYRIGHT COMPORT WITH THE OBJECTIVES AND PUBLIC POLICY OF COPYRIGHT?

1) Objectives and Public Policy of Copyright Law

The Supreme Court of Canada in *Théberge*, and more recently in the unanimous decision of *CCH*, described the philosophy of copyright law, explaining it as a balance between two objectives of an incentive and reward:

58 See, for example, Uta Kohl, “Multi-State Liability of Online Actors: How Accessible Must or Should National Law be to Foreign Online Content Providers?” (Paper presented to the Law via the Internet 6th Conference, 3–5 November 2004, Paris, France) <www.frlii.org/article.php3?id_article=81>.

The *Copyright Act* is usually presented as a balance between promoting the public interest in the encouragement and dissemination of works of the arts and intellect and obtaining a just reward for the creator (or, more accurately, to prevent someone other than the creator from appropriating whatever benefits may be generated).⁵⁹

Similar statements that copyright law needs to balance the “rights of authors and the larger public interest” have been recognized at the international level.⁶⁰ Neither the “incentive” nor the “reward” objective named by the Supreme Court clearly applies to Crown copyright, especially with respect to public legal information. It is difficult to rationalize the subject matter protected by Crown copyright with the objectives of copyright law.

The copyright objective is to provide incentives to create. The author, as first owner, under general rules, has the exclusive right to decide the timing and audience for publication and circulation. Unlike patent law, copyright law has no *quid pro quo* as part of a bargain with the public that the owner of the intellectual property right is required to disclose the intellectual property that is protected in exchange for the limited term monopoly. Thus, copyright rights provide an incentive to create but have no explicit reciprocal requirement to disseminate, although it is expected that authors will usually circulate their works for financial and reputational reasons.

This incentive system is difficult to square with Crown copyright. The courts and parliamentary bodies do not need a copyright incentive to create laws. Judicial and statutory law are created as part of the regular business of the courts and legislative bodies. Parliament has political incentives to enact laws. The courts produce reasons for judgment as part of their obligation to notify the parties and the public of the grounds for decision.⁶¹ In addition to not being correlated with quantity, Crown copyright also does not seem designed to produce better quality material.

59 *Théberge*, above note 3 at paras. 30–31; and see *CCH*, above note 50 at paras. 10 & 23.

60 See, for example, the Preamble to the *WIPO Copyright Treaty* “[r]ecognizing the need to maintain balance between the rights of authors and the larger public interest, particularly education, research and access to information, as reflected in the *Berne Convention*.” *WIPO Copyright Treaty*, adopted 20 December 1996, <www.wipo.int/treaties/en/ip/wct/trtdocs_wo033.html#preamble>.

61 On the duty of the trial judge to give reasons in criminal cases, see *R. v. Sheppard*, 2002 SCC 26, [2002] 1 S.C.R. 869; *R. v. Braich*, 2002 SCC 27, [2002] 1 S.C.R. 903.

Copyright's exclusive right to reproduce copyright-protected content is likewise over-inclusive. The objective for legal information should be to increase free or cost-recovery public access to accurate sources of law. Designating and protecting an official private publisher (Queen's printer) is no longer necessary to ensure accurate and timely access to government-produced works. Crown copyright works in practice to lock in print versions as the only official versions of legal information and to retard progress in making public legal information available electronically. So far, the government has been slow even to provide quasi-official sources for non-official versions of the law in electronic form with updated functionality, and are routinely reluctant to provide official sources on public Internet sites, except where the document is available in PDF format.

Further, given the vast improvements in technology for publishing and disseminating information, and the advances in cost-effective storage, the government is now increasingly making public legal information available electronically. The government could improve this publication of official materials by implementing more cross-linking, distributed content, indexing, and searching capabilities for legal information databases. These developments are positive ones, but Crown copyright incentives are unlikely to be primarily responsible for this growth in e-government. Rather, technological advances, reduced cost, and responsiveness to constituent needs are spurring this process and will continue to motivate the process of making public legal information available in digital format regardless of whether the material is covered by Crown copyright.

In the Crown copyright context, copyright could be as likely to keep information from circulating as to provide an incentive to publish. Crown copyright could, in theory, be used to censor materials, delay access, or to chill discussion. Crown copyright permits the government to charge royalty fees and to require permission before protected materials can be reproduced. The *Reproduction of Federal Law Order* currently provides a blanket licence for users to reproduce federal law without payment or permission; but this licence could be rescinded and Crown copyright exercised. Additionally, under the current system, only federal law is covered in the Order, leaving a confusing patchwork of licences and requirements at the provincial level with respect to law and different rules at the federal level for government materials other than law.

The copyright right to decide when to publish or to restrict the audience has some application to the types of materials covered by Crown copyright but is a function that would be better served by other laws. There can be legitimate reasons that a government would wish, or would be required, to

limit publication of materials, as for example because of national security and defence, Cabinet secrets, or obligations to other governments from which the information was received. However, copyright is an awkward legal mechanism to protect such works for these purposes. For this subset of materials, other legal means, such as evidentiary privileges and the existing exceptions in the access to information regimes, are more measured to meet those objectives, with detailed statutory and regulatory requirements and at least some judicial oversight. Copyright, by contrast, risks being applied to too broad a category of works. The existing access to information regimes do not, however, provide timely access rights to government works, do not include published or purchasable materials, and do not obviate the Crown copyright which subsists in those works. Thus, an additional statute specifying the government's obligations with respect to providing access to public legal information and other designated categories of government materials would be crucial.

2) Is Crown Copyright Still Needed to Meet Historical Purposes of Integrity and Accuracy?

It continues to be argued that Crown copyright is still necessary to ensure integrity and accuracy; and thus, proponents of Crown copyright argue that if the goal is to increase access it is preferable to retain Crown copyright and have statutory exceptions or blanket licences. But Crown copyright is no longer necessary as a guarantor of integrity and accuracy. Major legal publishers are unlikely to publish versions of public legal information which suffer from inaccuracies, include unmarked elisions or redactions, or are otherwise misleading. The publisher's reputation is linked to the quality of its published works. With respect to public legal information, it will be easy and cost-effective for others to check whether a "non-official" version is consistent with the official version available at the courthouse or through a government body or on an official website. Unlike the historical situation, people not only can easily cross-reference non-official to official versions, but they can also communicate any inaccuracies to others. Word travels fast through email and blogs. With rival companies and users checking the published versions of legal information, and with information and communication technologies enhancing the ability to compare documents, publishers of both print and electronic documents would be subject to informal and formal credentialing processes judging the quality of their versions. A publisher who puts out shoddy versions would soon be avoided. For those enamoured of Crown copyright control, an alternative

would be for the Crown to retain only moral rights-type interests in works to ensure accuracy and integrity.

Security concerns about the integrity of public legal information are legitimate and should not be dismissed. However, these could be adequately addressed through a combination of having the government publish official versions in print and electronic formats and having multiple providers of non-official versions. Digital versions could be protected so that they could not be modified under ordinary means (but without incorporating privacy-invasive technology that would log users' identities, require personal identifiers, or limit the number of times users could access a particular work).

One can argue that the copyright incentive in the Crown copyright system has not worked as well as other incentives to induce government to make publications more accessible. Other laws are better suited than copyright to serve the ends of integrity, accuracy, and control of publication. Official marks through the *Trade-marks Act*, for example, can be used to ensure the integrity of the official versions of public legal information. It is up to the public users of legal information to decide if they wish to use unofficial versions; those private publishers with a reputation for accuracy and value-added materials will attract legal professionals and other users to their editions and those publishing abbreviated, misleading, or inaccurate versions will not. A complementary option is for the government to retain only moral-rights type interests to ensure accuracy and integrity.

As for the "reward" part of the copyright objective, some have suggested that Crown copyright also is intended as a revenue generator for the government. Even if this were a legitimate objective, governments in Canada, with some exceptions, do not tend to exploit this opportunity, nor should they; and this is especially so with respect to public legal information. Government works are produced with public funds for public purposes.⁶²

In thinking about the types of protection for public legal information, and the legal mechanisms available, copyright is ill-suited. The wide control and exclusive rights that copyright offers are not appropriate for public legal information. Transparency and accountability should be the default for government works. Where public policy weighs in favour of

62 For a discussion of whether public information should be used by governments for revenue generation or placed in the public domain, see James Boyle, "Public information wants to be free" and Richard A. Epstein, "Should all public information be free?" *Financial Times.com* <<http://news.ft.com/cms/s/cd58c216-8663-11d9-8075-00000e2511c8.html>>.

secrecy (national secrets, defence), confidentiality is better protected through specific schemes in the *Access to Information Act* and evidentiary privileges than through the control provided by copyright law.

Copyright gives the author control, and copyright law contemplates that this control can be exercised to prevent publication or to delay the time of publication as much as to protect an exclusive right to publish. For government works, however, the public policy militates for publication (given the interest in transparency and access to information) rather than for ensuring control over the works *per se*, providing that accuracy and integrity of the work are safeguarded.

Copyright is not the appropriate legal means to govern public legal information. Nor is it by any means clear that some kinds of public legal information, such as judicial decisions, are even included in Crown copyright under the royal prerogative, which enhances the case for releasing public legal information to the public domain.

With respect to other government-produced works, Crown copyright may be an appropriate legal vehicle. However, how Crown copyright is triggered should be specifically addressed, the categories of works delineated, and the residual royal prerogative eliminated. The public should have clear notice of which categories of works are protected, the duration of Crown copyright, and the public's associated rights. Parliament can abolish or narrow aspects of the royal prerogative through legislation, which either grants back some or all of the rights to the Crown by statute or removes the rights entirely.⁶³ The United Kingdom's own copyright changes support this, where the 1988 Act modified the royal prerogative rights by providing that "no other right in the nature of copyright" applies to certain Crown and Parliamentary copyright protected works which would have otherwise been within the royal prerogative.⁶⁴

Moreover, the government should have a positive obligation with respect to both public legal information and other government materials to make these available in suitable formats using newer information and communication technologies.

63 This point has been argued by Torno, *Crown Copyright in Canada*, above note 17 at 4.

64 *Copyright, Designs and Patents Act 1988 (UK)*, below note 79, at s. 171 preserving the Crown's non-statutory rights and privileges, subject to s. 164(4) & s. 166(7) on Crown and Parliamentary copyright and stating that no other right in the nature of copyright applies to an Act or Measure or bill covered by the copyright statute.

I. RECOMMENDATIONS FOR REFORM

The suggested reform is:

- to eliminate the royal prerogative so that the scope of Crown copyright is clearly ascertainable from the statutory provisions,
- to eliminate Crown copyright in public legal information, and
- to move Crown copyright into a dedicated statute that sets out the categories of works; the term; users' rights (with respect, for example, to making materials available in various media and formats, including on the Internet); and the Crown's rights in "official versions" and the associated credentials which visibly notify the public that a version is "official" (by official marks, for example) and that designates that the "official version" should be made available in electronic format as well as print.

There should also be a statutory duty of government to disseminate public legal information. Such a statutory provision would clarify existing obligations under the common law, and extend these obligations to require that appropriate information technologies be used to disseminate public legal information in order better to facilitate public access.

These recommendations comply with international copyright obligations, are consistent with the larger calls in copyright to facilitate public access, and are consistent with the trend recently for governments to narrow the scope of government ownership of copyright in government works.

1) International Obligations

The *Berne Convention for the Protection of Literary and Artistic Works*, to which Canada is a signatory, leaves the decision as to government ownership of government works in the discretion of the individual governments. The *Berne Convention* explicitly provides that it "shall be a matter for legislation in the countries of the Union" to "determine the protection to be granted to official texts of a legislative, administrative and legal nature, and to official translations of such texts" and whether "to exclude, wholly or in part, from the protection provided by the preceding Article political speeches and speeches delivered in the course of legal proceedings."⁶⁵ In

65 *Berne Convention for the Protection of Literary and Artistic Works*, 9 September 1886, 828 U.N.T.S. 221, as last revised 24 July 1971, <www.wipo.int/treaties/en/ip/berne/trtdocs_wo001.html> [*Berne Convention*], at Art. 2(4) and Art 2bis(1). The wording of the relevant provisions was introduced in the 1967 Stockholm

effect, each country has discretion to decide whether to protect official texts or to place them in the public domain, and if they are copyright protected, it is permissible to restrict the degree and term of protection below the general copyright statutory protections.

2) Public Access and Public Domain

The recommendations outlined here for the reform of Crown copyright are consistent with the larger movement to encourage the public domain.⁶⁶ The Declaration of Principles from the United Nations' World Summit on the Information Society in 2003 extolled the benefits of a rich public domain.⁶⁷ Initiatives to increase public access to works of creativity and scholarship include the burgeoning Open Access project, where academic journals and individual researchers publish their work in publicly accessible sites online, and the Creative Commons and iCommons project, where author- and user-friendly templates for copyright licences are made available for authors who wish to facilitate the access and re-use of copyrighted works.⁶⁸

Conference. For analysis of the effect of *Berne Convention* provisions and Crown copyright, see André Françon, "Le Modèle Français, Les Pays Continentaux et la Convention de Berne," <www.lexum.umontreal.ca/conf/dac/fr/francon/francon.html>; in English, "Crown Copyright in Comparative Law: The French Model, Continental Europe and the *Berne Convention*" (1996) 10 I.P.J. 329.

66 For a description of the public domain, see Pamela Samuelson, "Mapping the Digital Public Domain: Threats and Opportunities" 66 *Law & Contemp. Probs.* 147 (Winter/Spring 2003); and Diane Leenheer Zimmerman, "Is There a Right to Have Something to Say? One View of the Public Domain" (2004) 73 *Fordham L. Rev.* 297. On the importance of preserving the public domain, see the papers from the Duke University Conference on the Public Domain, November 2001, <www.law.duke.edu/pd/papers.html>; Lawrence Lessig, *Free Culture: How Big Media Uses Technology and the Law to Lock Down Culture and Control Creativity* (New York: Penguin, 2004); Lawrence Lessig, *The Future of Ideas: The Fate of the Commons in a Connected World* (New York: Vintage Books, 2001); Yochai Benkler, "Free as the Air to Common Use: First Amendment Constraints on Enclosure of the Public Domain" (1999) 74 *N.Y.U. L. Rev.* 354; Jessica Litman, "The Public Domain" (1990) 39 *Emory L. J.* 965; and David Lange, "Recognizing the Public Domain" (1981) 44 *Law and Contemp. Problems* 147.

67 "Declaration of Principles: Building the Information Society: a global challenge in the new Millennium" World Summit on the Information Society, United Nations, Geneva 2003, <www.itu.int/wsis/docs/geneva/official/dop.html>.

68 On Open Access, see the science project, Public Library of Science, <www.plos.org>, and the law project <www.openaccesslaw.org>. On Creative Commons, see <www.creativecommons.org>; for Creative Commons Canada, see <www.creativecommons.ca>. For examples of scholarly peer-reviewed journals which publish full text versions online on publicly accessible sites, see, for example, in science, PLoSGenetics, <www.plosgenetics.org> and the *University of Ottawa*

Moreover, these ideas for facilitating public access have already resulted in influential projects to apply these principles to the legal realm to promote free public access to law. In 2002, the Montreal Declaration on Public Access to Law, adopted by a body composed of the Legal Information Institutes, such as CanLII and AustLII, declared that “public legal information” (meaning “legal information produced by public bodies that have a duty to produce law and make it public,” and including both primary and secondary interpretive public sources) is “digital common property and should be accessible to all on a non-profit basis, and where possible, free of charge.”⁶⁹ By this definition, “public legal information” would not include, for example, scholarly commentary in a law review by an individual commenting on the legal decision or an annotated selection of cases published by a private commercial publisher. A non-exhaustive list of “public legal information” might include court judgments and tribunal decisions, bills, statutes, regulations, official records of parliamentary debates, and reports of parliamentary committees and official inquiries.

Following the Paris Conference in 2004 on “Law via the Internet” the participants there, including legal research institutes and representatives of national public authorities and international institutions, declared:

that the dissemination of law in intelligible form on a medium accessible to all citizens is a guarantee of their equality before the law and that the development of information technology must contribute as extensively as possible

... that it is the responsibility of those who draft rules of law:

to promote exhaustive, coherent dissemination of them, in the original version but also in consolidated form, and in an official version provided free of charge in authenticated digital format;

[and]

to extend freely accessible legal data to include any national or local administrative document that contributes to understand-

Law & Technology Journal <www.uoltj.ca>. For examples of public access to primary law, see, for example, the Legal Information Institutes, such as Cornell's Legal Information Institute, <www.law.cornell.edu>, the Canadian Legal Information Institute (CanLII) <www.canlii.org>, and the Australasian Legal Information Institute (AustLII) <www.austlii.edu.au>.

69 Montreal Declaration on Free Access to Law, <www.lexum.umontreal.ca/declaration/index_en.html>.

ing the meaning and development of legal provisions⁷⁰

Crown copyright is not expressly mentioned in these declarations, but the spirit of their vision is consonant with changes to the Crown copyright system such as those recommended here. A harmonized approach toward public access to public legal information would speed the construction of digitalized legal databases for public access to law.

These calls to eliminate copyright in law are hardly novel, and many scholars have identified Crown copyright as a major hindrance to the development of publicly accessible databases of the law in Canada.⁷¹

J. OTHER JURISDICTIONS AND APPROACHES TO CROWN COPYRIGHT

The inclination to increase public access is punctuated when the content is legal information and where other jurisdictions have either had, recently introduced, or have recent Crown copyright revision studies in progress which support public access to law by narrowing government control of its publication.

1) United States

The situation in the US provides a useful contrast to the Canadian compromise.⁷² The United States, of course, does not have a history of “Crown copyright.” The United States does have a long experience in eschewing the equivalent rights that could be asserted by a republic. In the United States, copyright is “not available” for “any work of the United States Government,”⁷³ which is defined as a “work prepared by an officer or employee of the United States Government as part of that person’s official duties.”⁷⁴ Since copyright is “not available” for this category of works, neither the

70 Note from French delegation to Working Party on Legal Data Processing on Paris Conference — “Law via the Internet” — Paris Conclusions, 24 November 2004, Brussels, Council of the European Union, 13584/04, <www.frlrii.org/article.php3?id_article=165>.

71 See, for example, Teresa Scassa, “The Best Things in Law are Free? Towards Quality Free Public Access to Primary Legal Materials in Canada” (2000) 23 *Dalhousie L.J.* 301; paper available at <www.ciaj-icaj.ca/francais/publications/LD90-Scassa.pdf>.

72 For a comparison of US and Canadian copyright law and perspectives on government ownership of government materials, see David Vaver, “Copyright and the State in Canada and the United States” [1996] 10 *I.P.J.* 187.

73 *United States Copyright Act 1976*, 17 USC s. 105 (1976).

74 *Ibid.*, s. 101.

government, nor the individual employee author, owns copyright. The US Government is not precluded from being a copyright owner, though; it can own copyrights through assignment, bequest, or other transfers.

US courts have ruled that court opinions are in the public domain, and this applies to both federal and state court decisions; however, publishers can claim copyright in original editorial material and annotations added to the judgments.⁷⁵

The United States *Copyright Act* provision applies only to the federal government. As a result, as is the situation in Canada with respect to the policies of Canadian provinces and territories on Crown copyright, there is quite a range of approaches among the individual states and local governments. Some U.S. states explicitly have statutes in the public domain; in others, the state expressly claims copyright in statutes and codes. One scholar's recent comprehensive study of state law found that "statutory codes in at least half of the fifty states provide for state copyright in official statutory compilations, court reports, or administrative regulations."⁷⁶

2) Commonwealth

By comparison, the Commonwealth countries traditionally shared a similar approach to Crown copyright as that in Canada. The Crown copyright scheme for Canada, Australia, and New Zealand not surprisingly was derived from that of the United Kingdom. The language of Canada's Crown copyright provision in the *Copyright Act* is near identical to the United Kingdom's former copyright legislation, from which it was borrowed.⁷⁷

These other countries, however, including the United Kingdom, have amended their Crown copyright provisions in recent years and, regardless of whether the specific changes of other countries are adopted in Canada, Canada could profit from studying their approaches.

a) United Kingdom

Crown copyright in the United Kingdom is owned by Her Majesty the Queen, who has vested the right in the Controller of Her Majesty's Station-

75 *Wheaton v. Peters*, 33 U.S. 591 (1834), where the US Supreme Court stated in *dicta*: "It may be proper to remark that the court are unanimously of opinion, that no reporter has or can have any copyright in the written opinions delivered by this court; and that the judges cannot confer on any reporter any such right" at 668.

76 Irina Y. Dmitrieva, "State Ownership of Copyright in Primary Law Materials" (2000) 23 *Hastings Comm. & Ent. L.J.* 81 at 83.

77 *Copyright Act, 1911 (UK)*, s. 18.

nery Office, as Queen's Printer and Queen's Printer for Scotland, by Letters Patent.

Crown copyright provisions were studied as part of an extensive review of copyright law by the Whitford committee in 1977, which recommended that Crown copyright should be abolished.⁷⁸ In 1988, the United Kingdom enacted the *Copyright, Designs and Patents Act 1988* which narrowed the scope of Crown copyright from works "by or under the direction or control" of the Crown to works "by an officer or servant of the Crown in the course of his duties"⁷⁹ and abolished Crown copyright in works which were "first published" by the Crown. By section 164, Crown copyright also includes "every Act of Parliament or Measure of the General Synod of the Church of England." The term for Crown copyright material is 125 years from the date of creation for unpublished material (narrowing what had been a duration in perpetuity for unpublished material) and fifty years from the date of publication for published materials.⁸⁰ For legislation, the period lasts from Royal Assent until fifty years after the calendar year in which Royal Assent was given.⁸¹

The 1988 copyright legislation also established a separate regime for Parliamentary copyright, set out in sections 165 and 166. Parliamentary copyright, according to section 165, applies to works "made by or under the direction or control of the House of Commons or the House of Lords" and includes "any work made by an officer or employee of that House in the course of his duties." "Works" include sound recordings, film, live broadcast, or live cable programme. Parliamentary copyright does not extend to works "commissioned by or on behalf of" the House of Commons or House of Lords. Parliamentary copyright lasts for fifty years from the end of the calendar year in which the work was made.

Section 166 provides that Parliamentary copyright applies to all bills introduced in Parliament (with subsections specifying when copyright belongs to a single House and when it is jointly held) and lasts until either Royal Assent or the bill is withdrawn or rejected (except where the bill can be presented for Royal Assent that Session) or the Session ends.

78 Committee to consider the law on copyright and designs, *Copyright and designs law: Report of the Committee to consider the law on copyright and designs*, Cmnd 6732 (London: Her Majesty's Stationer's Office, 1977).

79 *Copyright, Designs and Patents Act 1988 (UK)*, c. 48, <www.opsi.gov.uk/acts/acts/1988/Ukpga_19880048_en_1.htm>, s. 163(1).

80 *Ibid.*, s. 163(3).

81 *Ibid.*, s. 164(2).

The changes introduced by the 1988 Act usefully make the scope of the respective schemes, Crown and Parliamentary copyright, more explicit, and also clarify the relationship between Crown prerogative rights and Crown copyright under the statute. Section 171 modifies the Crown prerogative rights, specifying that non-statutory rights and privileges of the Crown are not affected, but making that savings subject to sections 164(4) and 166(7); those subsections specify that no other right in the nature of copyright applies to an Act or Measure or bill except that specified in the 1988 Act in the respective Crown and Parliamentary provisions.

The copyright for works which the government commissions from non-Crown individuals or organizations rests with the author unless there is an agreement to the contrary which transfers or assigns copyright to the Crown.

In 1999, a White Paper on the “Future Management of Crown Copyright” put forward eight guiding principles for future management of Crown copyright: “coherent application for the re-use and licensing of government materials,” “transparent licensing and charging terms,” “consistency of approach across central government,” “finding guides” to locate material, “increasing use of waiver of copyright liberalising broad categories of information with the lightest of management,” “a streamlined administrative process, where licensing control is required, making maximum use of new technology,” “strengthened accountability,” and “clear coordination and control by HMSO providing a central one-stop shop approach,” as well as a proposal that the general principles of Crown copyright be “extended, where possible, to non-Crown governmental bodies and to local government.”⁸²

The White Paper also specified eleven classes of Crown copyright protected material where waivers are granted.⁸³ The categories include legislation and explanatory notes, Crown copyright protected public records, which were unpublished at the time they were deposited with the Public Record Repository or are open for public inspection; and government and court forms. According to the waiver, Crown copyright is asserted to protect the material against misleading use but the Crown does not exercise the legal right to license, restrict use, or charge for the reproduction of these materials. HMSO Guidance Notes describe how the waiver for those

82 Minister for the Cabinet Office (UK), *Future Management of Crown Copyright*, Cm 4300 (HMSO, 1999), c. 3, available in full text through <www.opsi.gov.uk> [*Future Management of Crown Copyright (UK)*].

83 *Ibid.*, c. 5.

classes of Crown copyright materials will be applied.⁸⁴ The specific permissions for categories vary, but documents subject to the waiver generally can be reproduced in any format or media anywhere in the world without payment or licence (excepting images), on condition that they are reproduced accurately, and publisher imprints and Royal Arms (except when an integral part of the material) are removed. The material can be sold commercially, included in databases, and made available electronically.⁸⁵ Bills and explanatory notes, protected under Parliamentary copyright, are treated similarly to the waivers on Crown copyright protected material, with no restrictions on their reproduction, along with the other provisos that the reproduction be accurate, not misleading, and not suggest that it is an official version. Officially published reports of judgments are also treated as being covered by Crown copyright.⁸⁶

Further, an Advisory Panel was established in 2003, in part to advise the government on “changes and opportunities in the information industry, so that the licensing of Crown copyright and public sector information is aligned with current and emerging developments.”⁸⁷

The United Kingdom has recently announced two initiatives that will facilitate open access to government works and works funded by public research councils. A group of public sector bodies in the United Kingdom, including the British Library, the Museums, Libraries and Archives Council (MLA), the National Archives, the Cabinet Office’s e-Government Unit, and the Department for Education & Skills, has commissioned a report, to be completed in the summer of 2005, to study the idea of deploying Creative Commons licences for government content on the Internet.⁸⁸ With respect to scholarly works, Research Councils UK (RCUK), an umbrella body of eight research councils, has issued a position statement proposing

84 For HMSO copyright guidance notes, see <www.hmso.gov.uk/copyright/guidance/guidance_notes.htm>.

85 See *Copyright Guidance on the website of the Office of Public Sector Information (UK)*, <www.opsi.gov.uk/advice/crown-copyright/copyright-guidance>.

86 On case law and the argument that the prerogative right is either supplanted by the statutory provisions in the 1988 Act or “overlaid” by the statute, see J.A.L. Sterling, “Crown Copyright in the United Kingdom and Other Commonwealth Countries,” II.4, <www.lexum.umontreal.ca/conf/dac/en/sterling/sterling.html>.

87 *Advisory Panel on Public Sector Information (UK)*, <www.appsi.gov.uk>. The APPSI also advises the government on the re-use of public sector information. See below note 108 on the EU directive on the re-use of public sector information.

88 See “Government intellectual property under scrutiny: The British government is looking toward Creative Commons licences to handle its content on the Web,” <<http://news.zdnet.co.uk/business/0,39020645,39206465,00.htm>>.

a rule that will require researchers to archive work funded by the RCUK in open access repositories and that the deposits should be timed to coincide, wherever possible, with publication.⁸⁹

b) Australia

Australia's *Copyright Act 1968* contains special provisions on Crown copyright in sections 176 to 179.⁹⁰ Sections 176 and 178 together provide that the Commonwealth or State owns the copyright in original works, sound recordings and cinematographic films that are "made by, or under the direction or control of" the Commonwealth or the State unless there is an agreement to the contrary. Section 177 provides that the Commonwealth or State owns works that are "first published in Australia by, or under the direction or control of" the Commonwealth or State unless there is an agreement to the contrary. The copyright term for copyright under these provisions is generally fifty years after the calendar year end of the publication date; however, the copyright is perpetual as long as the work remains unpublished. By contrast, the term for copyright under the general provision in section 33(2) is the life of the author plus seventy years.⁹¹ Two other sources for Crown copyright in Australia are the Crown prerogative and the general copyright provisions on employer ownership of the copyright in employees' work. The Australian copyright legislation also provides that Crown copyright is not infringed by making a "reprographic reproduction" of "one copy" of statutory instruments (including legislation, regulation, or by-law) or judgments (including courts' or tribunals' reasons for decisions, orders or judgments) "by or on behalf of a person and for a particular purpose."⁹²

Australia is currently engaged in an extensive study of Crown copyright. Recently, in April 2005, the Copyright Law Review Committee issued its final report on Crown copyright,⁹³ following the publication in

89 See Donald MacLeod, "Research councils back free online access" *The Guardian* (29 June 2005), <www.guardian.co.uk/online/story/0,3605,15173848,00.html>. On the Research Councils UK see <www.rcuk.ac.uk>.

90 *Australia Copyright Act 1968* <www.austlii.edu.au/au/legis/cth/consol_act/ca/1968133>.

91 *Ibid.*, s. 33(2). See Table 2 in the *Crown Copyright Final Report (Aus.)*, below note 93, at 18–19 for a helpful comparison of the copyright term provisions.

92 *Ibid.*, s. 182A.

93 *Copyright Law Review Committee (Aus.)*, *Crown Copyright Report*, Final Report, April 2005, <www.ag.gov.au/agd/WWW/clrhme.nsf/Page/RWP3D1B9A992032DBE9CA256FEB00239309> [*Crown Copyright Final Report (Aus.)*].

2004 of the Committee's Issues Paper⁹⁴ and discussion paper,⁹⁵ as well as public consultations and submissions. The Copyright Law Review Committee was established in 1983 as a specialist advisory body to report to the Government of Australia on specific copyright law issues that are referred to it. Crown copyright was the twelfth and final such reference and was referred to the Committee in late 2003. One of the immediate impetuses for the reference to the Copyright Law Review Committee was concern that the existing Crown copyright provisions in Australia's copyright legislation put the government in a more favourable competitive position than other contractors.⁹⁶ Another committee, tasked to look at the interaction between intellectual property legislation and competition policy, had flagged the government's preferential treatment under copyright law as a problem in 2000 and recommended that the *Copyright Act* be amended.⁹⁷ The government's immediate response to that committee was to develop best-practice guidelines rather than to amend the *Copyright Act*, but the competition issue was highlighted in the terms of reference for the Copyright Law Review Committee.⁹⁸

According to those terms of reference, the Committee was given a fairly broad mandate to consider such issues as the "underlying social and economic problems" addressed by government ownership of copyright material, the "extent and appropriateness" of the government relying on copyright to control access to and use of information, the objectives of such government ownership, and any preferred arrangements for government ownership of copyright. In addition, the Committee was asked to consider the effect of new technologies and international comparisons.⁹⁹

94 Copyright Law Review Committee (Aus.), *Crown Copyright*, Issues Paper, February 2004, <www.ag.gov.au/agd/WWW/clrHome.nsf/Page/RWPE3A8E257D1641333CA256E2D007C541F>.

95 Copyright Law Review Committee (Aus.), *Crown Copyright*, Discussion Paper for Consultation Forum, 27 July 2004, <www.ag.gov.au/agd/WWW/clrHome.nsf/Page/RWPoBA9BDE557B887F7CA256ED1001CB9D5>.

96 See *Crown Copyright Final Report* (Aus.), above note 93, "Background to the inquiry" c. 1, para. 1.04.

97 Intellectual Property and Competition Review Committee, *Review of Intellectual Property Legislation under the Competition Principles Agreement* (Canberra, Australia: 2000), <www.ipcr.gov.au/IPAustralia.pdf> at 14.

98 Government of Australia, *Response to Intellectual Property and Competition Review Committee Recommendations*, 28 August 2001, <www.ipaustralia.gov.au/pdfs/general/response1.pdf>.

99 Terms of Reference of the Copyright Law Review Committee (Aus.), <www.ag.gov.au/agd/WWW/clrHome.nsf/Page/RWP3C2E5B1D1B98D6FACA256DE3000E9471>.

The Committee highlighted that the recommendations in its final report were informed by the two themes of ensuring that the government was treated like other parties and of “promoting the widest possible access to government-owned materials.”¹⁰⁰ Interestingly, the Committee recommended that the Crown copyright provisions in sections 176 to 179 be repealed and that the government instead be able to claim copyright ownership under the general provisions of the Act and therefore required to meet the same threshold criteria for copyright.

The Committee also recommended that the government be more proactive in educating government employees about copyright. These efforts, the Committee believed, would be even more important if the Committee’s recommendations to repeal the current statutory provisions on Crown copyright were followed because the government would be likely to rely more heavily on the general employee provisions in the copyright legislation and contractual arrangements for commissioned works.¹⁰¹

c) New Zealand

In New Zealand, since 1 April 2001 no copyright exists in certain categories of public legal information, which formerly had been part of Crown copyright. Section 26 of New Zealand’s *Copyright Act 1994* is the primary section on Crown copyright.¹⁰² It defines as “Crown copyright” a work made by a person employed by the Crown under a contract *of or for* services or apprenticeship, and further provides that the Crown is the first owner of the copyright in those works. New Zealand thus includes commissioned works within Crown copyright. According to section 26, Crown copyright now lasts for a period of one hundred years from the end of the calendar year in which the work was made, which is longer than the period in Canada; however, if the work is a “typographical arrangement of a published edition,” Crown copyright in New Zealand lasts only for twenty-five years from the end of the calendar year in which the work was made.

Significantly, New Zealand’s *Copyright Act* also carves out certain categories of works as no longer part of Crown copyright. Section 27 provides that no copyright exists in these public legal materials: any bill introduced by the House of Representatives, any Act, regulation, bylaw, Parliamentary debate, report of select committees laid before the House of Representatives, judgment of any court or tribunal, and any report of a Royal com-

100 *Crown Copyright Final Report (Aus.)*, above note 93 at xix.

101 **Recommendation 16 of *Crown Copyright Final Report (Aus.)***, above note 93 at xxxiii.

102 *Copyright Act 1994* (N.Z.), s. 16, <www.legislation.govt.nz>.

mission, commission of inquiry, ministerial inquiry or statutory inquiry. New Zealand, thus, has moved these categories of materials into the public domain. New Zealand's Parliamentary Counsel Office states clearly on its website that it "no longer administers Crown copyright in legislation."¹⁰³ As section 225(1)(b) of the 1994 Act provides that the Act does not affect any Crown right or privilege existing otherwise than under an enactment, presumably any royal prerogative of Crown copyright is preserved.

3) European Union

The European Union does not have a uniform law on the existence of copyright, or the ownership of copyright, in government documents. The *EU Directive 93/98* on the duration of copyright and related rights obliges member states to provide a general term of copyright protection of life plus seventy, but the Explanatory Memorandum exempts the protection of laws from these terms.¹⁰⁴ In many civil law countries in Europe, judgments, statutes, and other government materials are excluded from the relevant copyright law.¹⁰⁵

The European Council and Commission adopted a regulation in May 2001 with a policy for public access to European Parliament, Council, and Commission documents. The Regulation's purpose is to give the "fullest possible effect to the right of public access to documents." Exceptions for public security, international relations, and individual privacy are included. In addition, the Regulation provides that institutions "shall refuse access" to a document if the disclosure would undermine "commercial interests of a natural or legal person, including intellectual property," or "court proceedings and legal advice," among other exceptions.¹⁰⁶ The Eur-Lex Internet portal provides free online public access to the documents specified by the Regulation.¹⁰⁷

103 "Crown Copyright on New Zealand Legislation," <www.pco.parliament.govt.nz/legislation/copyright.shtml>.

104 *Council Directive 93/98/EEC of 29 October 1993 harmonizing the term of protection of copyright and certain related rights*, <http://europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=EN&numdoc=31993L0098&model=guichett>; Explanatory Memorandum, COM (92) 33 final - SYN 395, para.16.

105 For commentary, see, for example, André Françon, above note 65; and J.A.L. Sterling, above note 86, listing countries at Notes.

106 Regulation regarding public access to European Parliament, Council, and Commission documents, Regulation (EC) 1049/2001, 30 May 2001, <http://europa.eu.int/eur-lex/pri/en/oj/dat/2001/l_145/l_14520010531en00430048.pdf>.

107 Eur-Lex, <www.europa.eu.int/eur-lex/en/index.html>.

An EU Directive that came into force on 31 December 2003 specifying principles on the publication and dissemination and re-use of government documents is also significant. It states that “making public all generally available documents held by the public sector — concerning not only the political process but also the legal and administrative process — is a fundamental instrument for extending the right to knowledge, which is a basic principle of democracy.” However, the Directive expressly provides that it does “not affect the existence or ownership of intellectual property rights of public sector bodies.”¹⁰⁸ The Directive does not oblige Member States to allow re-use of documents and instead applies only to “documents that are made accessible for re-use when public sector bodies license, sell, disseminate, exchange or give out information.”¹⁰⁹

4) International Groups and International Efforts

International bodies do not claim the equivalent of government or Crown copyright in their materials. Such international courts as the International Court of Justice (ICJ), the criminal tribunals for the former Yugoslavia and for Rwanda, and the International Criminal Court do not explicitly address copyright in relevant legislation and decisions. The ICJ, for example, does not discuss copyright in its decisions and it is not mentioned in the Covenant of the ICJ; but the ICJ website states that “information or data contained at this site may not be reproduced or used for commercial purposes,”¹¹⁰ presumably permitting personal and non-commercial use by implication. The World Intellectual Property Organization’s website, which includes full texts of intellectual property agreements, includes broad permission for anyone to “use or reproduce any information presented on this website,” provided that WIPO is credited as the source.¹¹¹

National legislation, however, may accord these international organizations copyright in original works. The United Kingdom, for example, vests copyright in an original work which is made by “an officer or employee of, or is published by, an international organisation” and where that interna-

108 *Directive 2003/98/EC of the European Parliament and of the Council of 17 November 2003 on the re-use of public sector information*, <http://europa.eu.int/eur-lex/pri/en/oj/dat/2003/l_345/l_34520031231en00900096.pdf>.

109 *Ibid.*, Recital 9.

110 International Court of Justice, disclaimer, <www.icj-cij.org/icjwww/idisclaimer.html>.

111 World Intellectual Property Organization (WIPO), terms of use, <www.wipo.int/tools/en/disclaim.html>.

tional organization is included in an Order in Council declaring that it is “expedient that the section should apply.”¹¹²

Additionally, Protocol 2, annexed to the *Universal Copyright Convention*, provides that “works published for the first time by the United Nations, by the Specialized Agencies in relationship therewith, or by the Organization of American States” shall enjoy the same copyright protection as the contracting States provide their nationals.¹¹³

K. SUGGESTED REGIME FOR GOVERNMENT MATERIALS CURRENTLY PROTECTED UNDER CROWN COPYRIGHT

1) Public Legal Information

Crown copyright in Canada should not apply to the following categories of works at federal, provincial and municipal levels:

- reasons for judgment by courts and tribunals,
- judgments, orders, awards, and motions,
- statutes and regulations, bills, by-laws, and orders-in-council,
- parliamentary debates, parliamentary reports and committee reports,
- provincial legislative debates and reports and committee reports,
- municipal council public hearings and reports, and
- other like categories to be specified by regulation.

“Public legal information” should be in the public domain and this category should be interpreted broadly.

In recommending that Crown copyright be eliminated for these categories, I am arguing that there is a substantive distinction between the approach of the *Reproduction of Federal Law Order* (retaining copyright but granting a licence to reproduce with accuracy) and abolishing Crown copyright altogether. Perhaps foremost, the federal Order could be rescinded and full Crown copyright rights exercised again. This leaves private publishers and public users in a precarious position. The public should have clear access to any public legal information, and certainty as to their rights with respect to this material. Preserving copyright in public legal infor-

112 *Copyright, Designs and Patents Act 1988 (UK)*, above note 79, s. 168.

113 *Protocol 2 — Annexed to the Universal Copyright Convention as Revised at Paris on 24 July 1971 concerning the Application of that Convention to the Works of Certain International Organizations*, 1 (a) & (b), <http://portal.unesco.org/en/ev.php-URL_ID=15239&URL_DO=DO_TOPIC&URL_SECTION=201.html>.

mation makes it more difficult for the public to understand their rights to access this material. It is preferable to abolish Crown copyright altogether on these materials because, as discussed above, the purpose for copyright law does not apply to public legal information and the interests of protecting the accuracy and integrity of this material is better served by other legal means. Given that, neither blanket licences nor statutory exceptions are valid compromises.

There is great value in adopting a uniform practice with respect to public legal information, namely that there is no copyright ownership, as such a system is simple for the public to understand and will facilitate quicker access to legal material with little risk to integrity or accuracy. Public legal information should be made available in the most accessible format and in media that incorporate such functions as search capabilities, hyperlinking, and RSS feeds to syndicate discrete items. Removing copyright will help to promote international databases of public legal information to disseminate national laws globally and facilitate comparative study. The trend toward liberalising the use of public legal information, which was begun in Canada with the *Reproduction of Federal Law Order*, should be carried further, with the abolition of Crown copyright in public legal information and a clarification of the categories of material in which Crown copyright continues to subsist. This approach would also be consistent with the growing trend by other countries toward restricting government ownership of copyright in public material.

The effect of abolishing government copyright for public legal information and moving those materials into the public domain would thus hardly be untested. This reform would be consistent with the recommendations proposed to or adopted by other countries that historically have had a Crown copyright system similar to Canada's, such as New Zealand. It is also consistent with the US system at the federal level, where primary legal information has not been copyrighted. Many countries and international bodies are already operating under a system where there is no government (or organizational) ownership of primary legal information.

2) Dedicated Statute on Government Publication of Government Materials

A dedicated statute on government publication of government materials, covering obligations to publish and protection for official versions, would help users to navigate the convoluted terrain of Crown copyright. To take one example of the Library and Archives Canada website, the copyright no-

tice explains that “some of the material” is protected by copyright owned by Library and Archives Canada and users require written permission before it can be reproduced; other material is protected by copyright owned by third parties; some material is in the public domain (although there are still reproduction conditions attached in some cases); and some material has a pre-authorized licence and does not require permission “for certain purposes.”¹¹⁴ The average user could be forgiven for finding this daunting. Although this is a loaded example, given that it comes from the particularly complicated environment of an archives website, and that the complexity is compounded by special statutory copyright provisions which apply to archives, it is fair to say that users trying to figure out Crown copyright for government materials would encounter a good number of complexities, and some of these could be ameliorated with reforms to the Crown copyright regime.¹¹⁵

The interplay between the royal prerogative and the copyright statute is complicated. There is no consensus on which works are covered by the royal prerogative or the constitutional effect of abolishing royal prerogative by statute. The royal prerogative should preferably be eliminated or clarified, by amendment to section 12 of the *Copyright Act*, to specify what materials are covered under royal prerogative and to make the traditional prerogative right wholly statutory. The statute should expressly indicate that all other works are *not* covered under the royal prerogative; that is, the statute should provide a comprehensive and ascertainable list of materials that are covered and the criteria for identifying those materials. The term of protection for the official versions could be longer than statutory terms but should require periodic renewal. A statutory provision could follow a model in which government materials are presumed public domain unless the government asserts to the contrary.

All public legal information should be outside copyright, including all reasons for judgment by courts and tribunals and all federal, provincial, and municipal laws and regulations. However, drafts and working versions

114 Library and Archives Canada, <www.collectionscanada.ca/notices/o16-200-e.html>.

115 One initiative that other countries are examining is to have a simplified and centralized process for requesting permission to reproduce government material that is not covered under an existing licence or waiver to avoid the problem of users being referred to multiple departments. See *Crown Copyright Final Report (Aus.)*, above note 93, c. 11, “Management of Crown Copyright”; *Future Management of Crown Copyright (UK)*, above note 82, c. 7 “Streamlined administration,” discussing the use of fast-track and blanket licences to avoid one-off applications.

should explicitly be protected and exempt from the publication obligation, as provided for under Access to Information legislation.

Any value-added material by a private publisher could still be covered under copyright providing that the work meets threshold copyright criteria, including the originality standard of non-mechanical and non-trivial skill, labour, and judgment, as set out in *CCH v. LSUC*. Original headnotes, summaries, annotations, and original selection and arrangement of cases, as examples, would continue to be copyright protected under the general provisions in the copyright statute, and also subject to fair dealing and other applicable exceptions and defences. Editions of cases and statutes, which add only formatting, font selection, and pagination to the original text of the court or legislature, ordinarily should not meet the originality standard for full copyright protection. Some countries have rights provisions for typographical arrangements, which do not accord the same panoply of rights as copyright.

Finally, there should be a commitment to publishing works that are covered by Crown copyright and to doing so by electronic, publicly accessible means. "Official versions" of public legal information should be available in both print and electronic formats.¹¹⁶ Currently, where reasons for judgment and legislation are made available electronically, the electronic versions, even where they reside on an official website of the government agency or court, are not designated as "official" versions. The government should commit to providing public access to public legal materials in electronic formats (and to updating these formats as reliable technologies for the publication of such documents become available).¹¹⁷

116 The foundation for this has begun to be laid by Parts 2 through 5 of the *Personal Information and Electronic Documents Act*, 2000 C-5, which amended the *Canada Evidence Act*, R.S. 1985, c. C-5, the *Statutory Instruments Act*, R.S. 1985, c. S-22, and the *Statute Revision Act*, R.S. 1985, c. S-20 (amendments not in force). The purpose of these parts of *PIPEDA* was to give electronic documents legal significance and to smooth e-governance.

117 New Zealand's Parliamentary Counsel Office has committed to providing up-to-date official legislation in electronic (free) and print (cost-basis) formats in order to facilitate public access to legislation. Although the idea of this "Public Access to Legislation Project" is a good model, the project has not yet been put into operation. For more information, see <www.pco.parliament.govt.nz/pal/>. California has enacted statutory requirements for the State to make bills, statutes, the California Code, and the California Constitution available to the public "in one or more formats and by one or more means in order to provide the greatest feasible access to the general public in this state," and no fee can be charged for access (Sec. 10248 of the Government Code of the California Code, <www.leginfo.ca.gov/calaw.html>). Tom McMahon discussed this provision in

This reciprocal obligation to publish in newer media and formats should be enacted as part of a dedicated statute on Crown ownership of government materials, to make more explicit what the commitment to publish law entails. This statutory requirement should be implemented for all levels of government. Governments should be newly obligated by statute to provide official versions in digital formats (and in appropriately updated media over time).

A reform proposal such as the one outlined could lead to a strange convergence of agendas between public domain advocates and the legal publishers, who both could be expected to support a decrease in the scope of Crown copyright or its repeal. This would not be the first policy issue to create strange bedfellows. Private publishers would be a beneficiary of any reform that dismantled or narrowed Crown copyright. In most contexts in Canada, licences are in place in most provinces permitting personal reproduction, but commercial for-profit uses require prior permission, and usually additional licensing conditions, royalties, and fees. Publishers must also negotiate the complexities of the different procedures for Crown copyright management among the federal and provincial governments, for individual entities within the governments, and for different types of material and formats for reproduction. Under the Crown copyright reform proposal outlined here, publishers would be able to publish content without further permission or payment for those materials that are no longer protected by Crown copyright. Should the private publishers provide additional value sufficient to merit copyright protection, their editions would be protected under copyright law and could have royalties attached to them.

It is important therefore that government have a positive obligation to publish government materials in publicly accessible formats and taking advantage of new information technologies. This will improve public access to government materials. It will also likely lead to a variety of user options for government-produced materials. With respect to legal information, governments, law societies, public interest groups, the Legal Information Institutes, academic institutions, legal databases, and legal

"Improving Access to the Law in Canada with Digital Media," above note 11 at s. 7. McMahon described "A Ten-Point Dream for Electronic Access to the Law" in 1999. While the legal resources available to the public for free on the Internet have increased substantially in quantity and capability in the years since his article, through private and government sites, much remains to be done and much can be added to the wish list given the improvements in technologies.

publishers of printed editions all might be expected to begin or to continue to offer access to law materials, some for profit, some with copious annotations and editorial additions, some with cross-references to other jurisdictions, point-in-time histories of amendments, or other enhancements. The positive obligation on governments to disseminate government materials and to incorporate appropriate information technologies would also provide incentives for private publishers to add value to their published versions to differentiate their market.¹¹⁸

L. CONCLUSION

This article has reviewed the history of Crown copyright reform in Canada, examined other jurisdictions' approaches to the protection and publication of government-produced materials, and considered international copyright obligations with respect to Crown copyright. It recommends that the government consider prioritizing a review of Crown copyright as part of the short-term copyright reform agenda. The article proffers a suggested reform, including enacting detailed statutory provisions on publishing rights and obligations with respect to government-produced materials, the elimination of the royal prerogative, the elimination of Crown copyright in public legal information and clarification of the treatment of official versions, and statutory duties to disseminate public legal information in paper and digital formats as a component of access to justice.

118 For a discussion of the effects of having academic, commercial, and governmental providers of information, and their respective competencies, responsibilities, institutional positionings, styles, and target markets, see Thomas R. Bruce, "Public Legal Information" [2000] *Univ. of Tech. Syd. Law R.* 3, <www.austlii.edu.au/cig-bin/disp.pl/au/journals/UTSLR/2000/3.html>.